

Bill as Introduced

HB 580-FN-LOCAL - AS INTRODUCED

2011 SESSION

11-0488
10/09

HOUSE BILL **580-FN-LOCAL**

AN ACT relative to the New Hampshire retirement system.

SPONSORS: Rep. Kurk, Hills 7; Rep. Hawkins, Hills 18; Sen. White, Dist 9

COMMITTEE: Special Committee on Public Employee Pensions Reform

ANALYSIS

This bill makes various changes to the state retirement system including:

I. Increasing retirement ages of group I and group II members for service retirement, disability retirement, vested deferred retirement, and split benefits.

II. Changing the definitions of earnable compensation and average final compensation used in calculating retirement benefits.

III. Changing the composition of the board of trustees.

IV. Eliminating the special account.

V. Eliminating the retirement system funding of medical benefits premium payments.

VI. Increasing contribution rates.

VII. Establishing a voluntary defined contribution plan administered by the board of trustees.

VIII. Prohibiting a member in service from concurrently receiving benefits.

Explanation: Matter added to current law appears in ***bold italics***.
 Matter removed from current law appears [~~in brackets and struckthrough.~~]
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Eleven

AN ACT relative to the New Hampshire retirement system.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Retirement System; Definitions; Average Final Compensation. Amend RSA 100-A:1, XVIII to
2 read as follows:

3 XVIII. "Average final compensation" shall mean, *for members who retire prior to July 1,*
4 *2016,* the average annual earnable compensation of a member during his or her highest 3 years of
5 creditable service, or during all of the years in his or her creditable service if less than 3 years. *For*
6 *members who retire on or after July 1, 2016, "average final compensation" shall mean the*
7 *average annual earnable compensation of a member during his or her highest 5 years of*
8 *creditable service, or during all of the years in his or her creditable service if less than 5*
9 *years.*

10 2 Retirement System; Definition of Earnable Compensation. Amend RSA 100-A:1, XVII to read
11 as follows:

12 XVII. "Earnable compensation" shall mean:

13 (a) For all members *in service on or before June 30, 2011 and who retire prior to*
14 *before July 1, 2016,* the full base rate of compensation paid plus any overtime pay, holiday and
15 vacation pay, sick pay, longevity or severance pay, cost of living bonus, additional pay for
16 extracurricular and instructional activities or for other extra or special duty, and any military
17 differential pay, plus the fair market value of non-cash compensation paid to, or on behalf of, the
18 member for meals or living quarters if subject to federal income tax, but excluding other compensation
19 except cash incentives paid by an employer to encourage members to retire, supplemental pay paid by
20 the employer while the member is receiving workers' compensation, and teacher development pay that
21 is not part of the contracted annual salary. However, earnable compensation in the final 12 months of
22 creditable service prior to termination of employment shall be limited to 1- 1/2 times the higher of the
23 earnable compensation in the 12-month period preceding the final 12 months or the highest
24 compensation year as determined for the purpose of calculating average final compensation, but
25 excluding the final 12 months. Any compensation received in the final 12 months of employment in
26 excess of such limit shall not be subject to member or employer contributions to the retirement system
27 and shall not be considered in the computation of average final compensation. Provided that, the
28 annual compensation limit for members of governmental defined benefit pension plans under section
29 401(a)(17) of the United States Internal Revenue Code of 1986, as amended, shall apply to earnable
30 compensation for all employees, teachers, permanent firemen, and permanent policemen who first
31 become eligible for membership in the system on or after July 1, 1996. Earnable compensation shall

1 not include compensation in any form paid later than 120 days after the member's termination of
2 employment from a retirement eligible position, with the limited exceptions of disability related
3 severance pay paid to a member or retiree no later than 120 days after a decision by the board of
4 trustees granting the member or retiree disability retirement benefits pursuant to RSA 100-A:6 and of
5 severance pay which a member was entitled to be paid within 120 days after termination but which,
6 without the consent of the member and not through any fault of the member, was paid more than 120
7 days after the member's termination. The member shall have the burden of proving to the board of
8 trustees that any severance payment paid later than 120 days after the member's termination of
9 employment is earnable compensation and meets the requirements of an asserted exception to the 120-
10 day post-termination payment requirement.

11 *(b) For any member in active service on and after July 1, 2011 and who retires after*
12 *July 1, 2016, the full base rate of compensation paid plus any compensation for mandatory*
13 *training and any military differential pay. However, earnable compensation in the final 2 12-*
14 *month periods of creditable service prior to termination of employment shall each be limited to*
15 *1-1/2 times the highest compensation year as determined for the purpose of calculating average*
16 *final compensation, but excluding the final 24 months. Any compensation received in the final*
17 *24 months of employment in excess of such limit shall not be subject to member or employer*
18 *contributions to the retirement system and shall not be considered in the computation of*
19 *average final compensation. Provided that, the annual compensation limit for members of*
20 *governmental defined benefit pension plans under section 401(a)(17) of the United States*
21 *Internal Revenue Code of 1986, as amended, shall apply to earnable compensation for all*
22 *employees, teachers, permanent firemen, and permanent policemen. Earnable compensation*
23 *shall not include compensation in any form paid later than 120 days after the member's*
24 *termination of employment from a retirement eligible position.*

25 3 Membership; Employees; Full-Time Requirement. Amend RSA 100-A:3, III to read as
26 follows:

27 III. The board of trustees may, in its discretion, accept as members any class of *full-time*
28 employees, *or any class of* teachers, permanent policemen or permanent firemen, whose compensation
29 is only partly paid by an employer or who are serving on a temporary or other than per annum basis,
30 and it may also, in its discretion, make optional with *such* employees, teachers, permanent policemen or
31 permanent firemen in any such class their individual entrance into membership. *Provided, however,*
32 *that membership as an employee as defined in RSA 100-A:1, V shall require full-time*
33 *employment, which shall not be satisfied by the combination of service in one or more part-*
34 *time positions. In addition, no member in a full-time position as an employee shall be*
35 *permitted to make contributions or to accrue benefits under this chapter on account of any*
36 *such part-time employment. Any rule or practice adopted by the board which is inconsistent*
37 *with the requirements of this paragraph shall be without effect.*

1 4 Service Retirement; Age Increased. Amend RSA 100-A:5 to read as follows:

2 100-A:5 Service Retirement Benefits.

3 I. Group I Members.

4 (a) Any group I member, *who* may retire on a service retirement allowance upon written
 5 application to the board of trustees setting forth at what time, not less than 30 days nor more than
 6 90 days subsequent to the filing thereof, the member desires to be retired, provided the member at
 7 the time so specified for retirement has attained age 60 *if the member is in vested status before*
 8 *July 1, 2011 or age 65 if the member is not in vested status on or after July 1, 2011*, and
 9 notwithstanding that during such period of notification the member may have separated from
 10 service. For the purposes of this section, a teacher member of group I who remains in service
 11 throughout a school year shall be deemed to be in service during July and August at the end of such
 12 school year.

13 (b) Upon service retirement, an employee member or teacher member of group I shall
 14 receive a service retirement allowance which shall consist of a member annuity which shall be the
 15 actuarial equivalent of the member's accumulated contributions at the time of retirement, and a
 16 state annuity. Prior to the member's attainment of age 65, the state annuity, together with the
 17 member annuity, shall be equal to 1/60 of the member's average final compensation multiplied by
 18 the number of years of creditable service. After attainment of age 65, the state annuity, together
 19 with the member annuity, shall be equal to 1/66 of the member's average final compensation
 20 multiplied by the number of years of creditable service.

21 (c) Notwithstanding any other provision of law, any group I member who meets the
 22 requirements of RSA 100-A:10, I(a), and who has either completed at least 20 years of creditable
 23 service which, when combined with his age equals at least 70 years, or who has attained the age of
 24 50, but not the age of 60 *if the member is in vested status before July 1, 2011 or the age of 65 if*
 25 *the member is not in vested status on or after July 1, 2011*, may elect to retire and have benefits
 26 commence immediately as a reduced service retirement allowance upon written application to the
 27 board of trustees setting forth the time, not less than 30 days nor more than 90 days subsequent to
 28 the filing thereof, at which the member desires to have benefits commence. The service retirement
 29 allowance shall be determined in accordance with RSA 100-A:5, I(b) and shall be reduced, for each
 30 month by which the date on which benefits commence precedes the month after which the member
 31 attains 60 years of age *if the member is in vested status before July 1, 2011 or 65 years of age*
 32 *if the member is not in vested status on or after July 1, 2011*, by 1/8 of one percent if the
 33 member has 35 years or more of creditable service, by 1/4 of one percent if the member has 30 years
 34 but less than 35 years of creditable service, by 1/3 of one percent if the member has at least 25 years
 35 but less than 30 years of creditable service, by 5/12 of one percent if the member has at least 20
 36 years but less than 25 years of creditable service, and by 5/9 of one percent if the member has less
 37 than 20 years of creditable service.

1 (d) [Repealed.]

2 II. Group II Members.

3 (a) Any group II member in service, *who is in vested status before July 1, 2011*, who
 4 has attained age 45 and completed 20 years of creditable service, or who has attained age 60
 5 regardless of the number of years of creditable service, *and a group II member who commenced*
 6 *service or is not in vested status on or after July 1, 2011, who has attained age 50 and*
 7 *completed 25 years of creditable service, or who has attained age 65 regardless of the*
 8 *number of years of creditable service*, may retire on a service retirement allowance upon written
 9 application to the board of trustees setting forth at what time not less than 30 days nor more than
 10 90 days subsequent to the filing thereof the member desires to be retired, notwithstanding that
 11 during such period of notification the member may have separated from service.

12 (b) Upon service retirement, a group II member shall receive a service retirement
 13 allowance which shall consist of:

14 (1) A member annuity which shall be the actuarial equivalent of his accumulated
 15 contributions at the time of retirement; and

16 (2) *For members who are in vested status before July 1, 2011*, a state annuity
 17 which, together with his *or her* member annuity, shall be equal to 2-1/2 percent of his *or her*
 18 average final compensation multiplied by the number of years of his *or her* creditable service not in
 19 excess of 40 years, *or for members who commenced service or are not in vested status on or*
 20 *after July 1, 2011, a state annuity which, together with his or her member annuity, shall be*
 21 *equal to 2 percent of his or her average final compensation multiplied by the number of*
 22 *years of his or her creditable service not in excess of 50 years.*

23 (c)(1) Notwithstanding any provision of RSA 100-A to the contrary, any group II member
 24 *who is in vested status before July 1, 2011 and* has retired on or after the effective date of this
 25 subparagraph after attaining the age of 45 with at least 20 years of creditable service, *and any*
 26 *group II member who commenced service or is not in vested status on or after July 1, 2011*
 27 *and has retired on or after the effective date of this subparagraph after attaining the age*
 28 *of 50 with at least 25 years of creditable service*, shall receive a minimum annual service
 29 retirement allowance of \$10,000. If such group II member has elected to convert the retirement
 30 allowance into an optional allowance for the surviving spouse under RSA 100-A:13, the surviving
 31 spouse shall be entitled to a proportional share of the \$10,000.

32 (2) [Repealed.]

33 (3) [Repealed.]

34 5 Disability Retirement; Group I Age Increased. Amend RSA 100-A:6, I(b) to read as follows:

35 (b)(1) Upon ordinary disability retirement, the group I member who has attained age 60
 36 *if the member is in vested status before July 1, 2011 or the age of 65 if the member is not in*
 37 *vested status on or after July 1, 2011* shall receive an ordinary disability retirement allowance

1 which shall consist of a member annuity and shall be the actuarial equivalent of the member's
2 accumulated contributions at the time of his ordinary disability retirement, and a state annuity as
3 follows:

4 (A) Prior to the member's attainment of age 65, the state annuity, together with
5 the member annuity, shall be equal to 1/60 of the member's average final compensation at the time
6 of his ordinary disability retirement multiplied by the number of years of creditable service at the
7 time of his ordinary disability retirement;

8 (B) After attainment of age 65, the state annuity, together with the member
9 annuity, shall be equal to 1/66 of the member's average final compensation at the time of his
10 ordinary disability retirement multiplied by the number of years of creditable service at the time of
11 his ordinary disability retirement;

12 (C) Regardless of age at disability, the ordinary disability retirement allowance
13 shall not be less than 25 percent of the member's average final compensation at the time of his *or*
14 *her* disability retirement.

15 (2) Upon ordinary disability retirement, the group I member who has not attained
16 age 60 *if the member is in vested status before July 1, 2011 or the age of 65 if the member is*
17 *not in vested status on or after July 1, 2011* shall receive an ordinary disability retirement
18 allowance which shall consist of: a member annuity which shall be the actuarial equivalent of the
19 member's accumulated contributions at the time of his ordinary disability retirement; and a state
20 annuity which, together with the member annuity, shall be equal to 1.5 percent of the member's
21 average final compensation at the time of his ordinary disability retirement multiplied by the
22 number of years of creditable service at that time of his ordinary disability retirement. However,
23 regardless of age at disability, the ordinary disability retirement allowance shall not be less than 25
24 percent of the member's average final compensation at the time of his *or her* disability retirement.

25 6 Accidental Disability Retirement; Group I. Amend RSA 100-A:6, I(d) to read as follows:

26 (d)(1) Upon accidental disability retirement, the group I member who has attained age
27 60 *if the member is in vested status before July 1, 2011 or the age of 65 if the member is not*
28 *in vested status on or after July 1, 2011* shall receive an accidental disability retirement
29 allowance which shall consist of a member annuity and shall be the actuarial equivalent of the
30 member's accumulated contributions at the time of his accidental disability retirement, and a state
31 annuity as follows:

32 (A) Prior to the member's attainment of age 65, the state annuity, together with
33 the member annuity, shall be equal to 1/60 of the member's average final compensation at the time
34 of his accidental disability retirement multiplied by the number of years of creditable service at the
35 time of his accidental disability retirement;

36 (B) After attainment of age 65, the state annuity, together with the member
37 annuity, shall be equal to 1/66 of the member's average final compensation at the time of his

1 accidental disability retirement multiplied by the number of years of creditable service at the time of
2 his accidental disability retirement;

3 (C) Regardless of age at disability, such allowance shall not be less than 50
4 percent of the member's average final compensation at the time of his accidental disability
5 retirement.

6 (2) Upon accidental disability retirement, the group I member who has not attained
7 age 60 *if the member is in vested status before July 1, 2011 or the age of 65 if the member is*
8 *not in vested status on or after July 1, 2011* shall receive an accidental disability retirement
9 allowance which shall consist of: the member annuity which shall be the actuarial equivalent of the
10 member's accumulated contributions at the time of his accidental disability retirement; and a state
11 annuity which, together with the member annuity, shall be equal to 50 percent of the member's
12 average final compensation at the time of his disability retirement.

13 7 Ordinary Disability Retirement; Group II. Amend RSA 100-A:6, II(b) to read as follows:

14 (b) Upon ordinary disability retirement, the group II member shall receive an ordinary
15 disability retirement allowance which shall consist of: a member annuity which shall be the
16 actuarial equivalent of his accumulated contributions at the time of his *or her* ordinary disability
17 retirement; and a state annuity which, together with his *or her* member annuity, *for members who*
18 *are in vested status before July 1, 2011*, shall be equal to 2-1/2 percent of his *or her* average final
19 compensation at the time of [his] ordinary disability retirement multiplied by the number of years of
20 his *or her* creditable service not in excess of 40 at the time of [his] ordinary disability retirement, *or*
21 *for members who commenced service or are not in vested status on or after July 1, 2011,*
22 *shall be equal to 2 percent of his or her average final compensation at the time of ordinary*
23 *disability retirement multiplied by the number of years of his or her creditable service not*
24 *in excess of 50 at the time of ordinary disability retirement*, provided, however, that such
25 allowance shall not be less than 25 percent of the member's final compensation at the time of his *or*
26 *her* disability retirement.

27 8 Accidental Disability Retirement; Group II. Amend RSA 100-A:6, II(d) to read as follows:

28 (d) Upon accidental disability retirement, the group II member shall receive an
29 accidental disability retirement allowance equal to 2/3 of his *or her* average final compensation at
30 the time of [his] disability retirement.

31 (1) *For members who are in vested status before July 1, 2011*, any group II
32 member who has more than 26-2/3 years of service, a supplemental disability retirement allowance
33 shall be paid. Such supplement shall be equal to 2-1/2 percent of his *or her* average final
34 compensation multiplied by the number of years of his *or her* creditable service in excess of 26-2/3
35 but not in excess of 40 years.

36 (2) *For members who commenced service or are not in vested status on or*
37 *after July 1, 2011, any group II member who has more than 33-1/3 years of service, a*

1 *supplemental disability retirement allowance shall be paid. Such supplement shall be*
2 *equal to 2 percent of his or her average final compensation multiplied by the number of*
3 *years of his or her creditable service in excess of 33-1/3 but not in excess of 50 years.*

4 (3) *An accidental disability retirement allowance together with a*
5 *supplemental disability retirement allowance, as provided in this subparagraph, shall not*
6 *exceed 100 percent of the disability retiree's average final compensation.*

7 9 Vested Deferred; Group II Age Increased. Amend RSA 100-A:10, II(b) to read as follows:

8 (b) *For members who are in vested status before July 1, 2011, upon the member's*
9 *attainment of age 45, provided the member would then have completed 20 years of creditable service,*
10 *otherwise the subsequent date on which such 20 years would have been completed, or at any time*
11 *after age 60, or for members who commenced service or are not in vested status on or after*
12 *July 1, 2011, upon the member's attainment of age 50, provided the member would then*
13 *have completed 25 years of creditable service, otherwise the subsequent date on which such*
14 *25 years would have been completed, or at any time after age 65, a group II member who*
15 *meets the requirement of subparagraph (a) may make application on a form prescribed by the board*
16 *of trustees and receive a vested deferred retirement allowance which shall consist of: (1) A member*
17 *annuity which shall be the actuarial equivalent of accumulated contributions on the date the*
18 *member's retirement allowance commences; and (2) A state annuity which, together with the*
19 *member annuity, shall be equal to a service retirement allowance based on the member's average*
20 *final compensation and creditable service at the time the member's service is terminated.*

21 10 Return of Contributions. Amend RSA 100-A:11, I(c) to read as follows:

22 (c) Upon the death of a group I member who has elected, pursuant to RSA 100-A:10, to
23 receive a vested deferred retirement allowance before his *or her* attainment of age 60 *if the*
24 *member is in vested status before July 1, 2011 or the age of 65 if the member is not in vested*
25 *status on or after July 1, 2011, the amount of his accumulated contributions at the time of his or*
26 *her death shall be paid to the person or persons, if any, nominated by [him] the member, if living,*
27 *otherwise to the member's estate.*

28 11 Split Benefits; Minimum Age. Amend RSA 100-A:19-b to read as follows:

29 100-A:19-b Minimum Age. For the purposes of this subdivision only, minimum age shall mean:

30 I. For a member who has completed less than 20 years combined creditable service in both
31 group I and group II, 60 years *if the member is in vested status before July 1, 2011 or 65 years*
32 *if the member is not in vested status on or after July 1, 2011.*

33 II. For a member *who is in vested status before July 1, 2011 and*, who has completed 20 or
34 more years of combined creditable service, one year shall be deducted from age 60 for each year of
35 creditable group II service, provided that the age shall not be less than 45 years. *For a member who*
36 *commenced service or is not in vested status on or after July 1, 2011 and, who has completed 25*

1 *or more years of combined creditable service, one year shall be deducted from age 65 for each*
2 *year of creditable group II service, provided that the age shall not be less than 50 years.*

3 12 Split Benefits; Reduced Early Retirement; Minimum Age. Amend RSA 100-A:19-d to read as
4 follows:

5 100-A:19-d Reduced Early Retirement. Notwithstanding any other provision of law, any
6 retirement system member who has creditable service in both group I and group II with at least
7 10 years combined creditable service, and who has attained an age which is at least 45 *for members*
8 *who are in vested status with group II service prior to July 1, 2011 or at least 50 for*
9 *members who commenced group II service or are not in vested status on or after*
10 *July 1, 2011* and is within 10 years of the minimum age set forth in RSA 100-A:19-b, may elect to
11 retire and have benefits commence immediately as a reduced split-benefit service retirement
12 allowance. Application shall be as provided in RSA 100-A:5, I(c). The allowance shall be determined
13 as a split-benefit service retirement allowance in accordance with RSA 100-A:19-c, and the total
14 combined split-benefit service allowance shall be reduced by the percentages shown in RSA 100-A:5,
15 I(c), based on the total combined length of creditable service, for each month by which the date on
16 which benefits commence precedes the month after which the member attains the minimum age set
17 forth in RSA 100-A:19-b.

18 13 State Employees; Retirement. Amend RSA 21-I:30, II(a) to read as follows:

19 (a) Has at least 10 years of creditable service for the state if the employee's service began
20 prior to July 1, 2003 or 20 years of creditable service if the employee's service began on or after July
21 1, 2003, and who also is at least 60 years of age at the time of retirement *if the employee is in*
22 *vested status before July 1, 2011 or at least 65 years of age at the time of retirement if the*
23 *employee is not in vested status on or after July 1, 2011; or*

24 14 State Employees; Group Insurance Benefits; Group II. Amend RSA 21-I:30, III to read as
25 follows:

26 III. Any vested deferred state retiree may receive medical and surgical benefits under this
27 section if the vested deferred state retiree is eligible. To be eligible, a group I vested deferred state
28 retiree shall have at least 10 years of creditable service with the state if the employee's service began
29 prior to July 1, 2003 or 20 years of creditable service with the state if the employee's service began
30 on or after July 1, 2003 and a group II vested deferred state retiree shall have at least 20 years of
31 creditable service with the state if the employee's service with the state began on or after July 1,
32 2010. In addition, if the vested deferred state retiree is a member of group I, such retiree shall be at
33 least 60 years of age to be eligible *if the member is in vested status before July 1, 2011 or 65*
34 *years of age if the member is not in vested status on or after July 1, 2011.* If the vested
35 deferred state retiree is a member of group II *who is in vested status before July 1, 2011*, such
36 retiree shall not be eligible until 20 years from the date of becoming a member of group II and shall
37 be at least 45 years of age, *and any group II member who commenced service or is not in*

1 *vested status on or after July 1, 2011 shall not be eligible until 25 years from the date of*
2 *becoming a member of group II and shall be at least 50 years of age.*

3 15 Retirement Age Changed; Vested Status. Notwithstanding the provisions of RSA 100-A:5,
4 RSA 100-A:6, RSA 100-A:10, RSA 100-A:11, RSA 100-A:19-b, and RSA 21-I:30 relating to retirement
5 at age 60, persons who are in vested status in the retirement system or as a state employee under
6 RSA 21-I:30 on the effective date of this section shall be permitted to retire on an unreduced service
7 retirement, disability retirement, vested deferred retirement, or split benefit retirement at the
8 following ages, based on the corresponding number of years of creditable service:

- 9 I. At least 10 but not 15 years of creditable service, age 64.
10 II. At least 15 but not 20 years of creditable service, age 63.
11 III. At least 20 but not 25 years of creditable service, age 62.
12 IV. At least 25 but not 30 years of creditable service, age 61.
13 V. At least 30 years of creditable service, age 60.

14 16 Financing; Contribution Rates; Group II Member Payroll Deduction. Amend RSA 100-A:16,
15 I(a) to read as follows:

16 (a) The member annuity savings fund shall be a fund in which shall be accumulated the
17 contributions deducted from the compensation of members to provide for their member annuities
18 together with any amounts transferred thereto from a similar fund under one or more of the
19 predecessor systems. *Except as provided in RSA 100-A:24, I*, such contribution shall be, for each
20 member, dependent upon the member's employment classification at the rate determined in
21 accordance with the following table:

22 ~~Employees of employers other than the state 5.00~~
23 ~~Employees of the state hired on or before June 30, 2009 5.00~~
24 ~~Employees of the state hired after June 30, 2009 7.00~~
25 Teachers 5.00
26 Permanent Policemen 9.30
27 Permanent Firemen 9.30]
28 **Group I members, 7.00**
29 **Group II members, 11.00**

30 The board of trustees shall certify to the proper authority or officer responsible for making up the
31 payroll of each employer, and such authority or officer shall cause to be deducted from the
32 compensation of each member, except group II members *who are in vested status before July 1,*
33 *2011* with creditable service in excess of 40 years *or group II members who commenced service*
34 *or are not in vested status on or after July 1, 2011 with creditable service in excess of 50*
35 *years*, as provided in RSA 100-A:5, II(b) and RSA 100-A:6, II(b), on each and every payroll of such
36 employer for each and every payroll period, the percentage of earnable compensation applicable to
37 such member. No deduction from earnable compensation under this paragraph shall apply to any

1 group II member *who is in vested status before July 1, 2011* with creditable service in excess of
2 40 years, *or group II member who commenced service or is not in vested status on or after*
3 *July 1, 2011 with creditable service in excess of 50 years*, as provided in RSA 100-A:5, II(b) and
4 RSA 100-A:6, II(b), and this provision for such members shall not affect the method of determining
5 average final compensation as provided in RSA 100-A:1, XVIII. In determining the amount earnable
6 by a member in a payroll period, the board may consider the rate of compensation payable to such
7 member on the first day of a payroll period as continuing throughout the payroll period and it may
8 omit deduction from compensation for any period less than a full payroll period if such person was
9 not a member on the first day of the payroll period, and to facilitate the making of deductions it may
10 modify the deduction required of any member by such an amount as shall not exceed 1/10 of one
11 percent of the annual earnable compensation upon the basis of which such deduction is made. The
12 amounts deducted shall be reported to the board of trustees. Each of such amounts, when deducted,
13 shall be paid to the retirement system at such times as may be designated by the board of trustees
14 and credited to the individual account, in the member annuity savings fund, of the member from
15 whose compensation the deduction was made.

16 17 Local Adoption of Contribution Rates for Political Subdivision Members. Amend RSA 100-
17 A:24, I to read as follows:

18 I. Employees who have become members of the retirement system under the provisions of
19 this subdivision shall contribute at the [same] rates of contribution [~~and on the same basis as state~~
20 ~~employees]~~ *required by RSA 100-A:16, I, except that a governing body participating as an*
21 *employer under this chapter may elect to apply a higher or lower rate of employee*
22 *contribution.*

23 18 Retirement System; Recalculation of Employer Rates; Recertification. Notwithstanding the
24 notice requirements of RSA 100-A:16, III, the board of trustees of the retirement system shall
25 recalculate employer contribution rates for the state fiscal years 2012 and 2013 to reflect the
26 requirements of RSA 100-A:16, II(a) and RSA 100-A:24, I as amended by this act. Notwithstanding
27 the notice requirements of RSA 100-A:16, III, such employer contribution rates shall be effective for
28 the biennium beginning July 1, 2011, and the recertification of employer contribution percentages,
29 applicable beginning July 1, 2011, shall be provided to each employer within a reasonable period of
30 time not to exceed 30 days from the effective date of this section. The exception to the notice
31 requirements of RSA 100-A:16, III in this section shall be limited to the applicable employer
32 contribution rates for the biennium beginning July 1, 2011.

33 19 New Section; Retirement System; Return to Work. Amend RSA 100-A by inserting after
34 section 27 the following new section:

35 100-A:27-a Return to Work; Suspension of Benefits. Beginning July 1, 2011, no person for
36 whom membership in the retirement system is optional under RSA 100-A:3, I, and no person
37 employed by an employer on a full- or part-time basis or as a consultant for longer than 3 months in

1 a year, may concurrently receive benefits under this chapter as a retired member. Benefits shall be
2 suspended during any such period of employment.

3 20 Repeal. 2002, 137:7, relative to the application of the repeal of former RSA 100-A:3, I(c), is
4 repealed.

5 21 Retirement System; Administration; Membership of Board. Amend RSA 100-A:14, I to read
6 as follows:

7 I. The administration of this system is vested in a board of ~~[14]~~ **13** trustees. Each newly
8 appointed or reappointed trustee shall have familiarity with or experience in finance or business
9 management. The state treasurer shall be an ex officio voting member of the board. The governor
10 and council shall appoint ~~[2]~~ **4** trustees, to be known as non-member trustees, who shall be qualified
11 persons with investment and/or financial experience as provided in this paragraph and not be
12 members of the system, and who shall serve for a term of 2 years and until their successors are
13 appointed and qualified. The non-member trustees of the board shall have substantial experience in
14 the field of institutional investment or finance, taking into account factors such as educational
15 background, business experience, and professional licensure and designations. The original
16 appointment of ~~[one]~~ **2** of the non-member trustees shall be for a term of one year. The remaining
17 ~~[11]~~ **8** members of the board shall consist of ~~[2 employees, 2 teachers, 2 permanent policemen, 2~~
18 ~~permanent firemen, one member of the senate who shall be appointed annually by the senate~~
19 ~~president, one member of the house of representatives who serves on the executive departments and~~
20 ~~administration committee and who shall be appointed annually by the speaker of the house, and one~~
21 ~~person representing management in local government. Whenever a vacancy occurs, the senate~~
22 ~~president or the speaker of the house shall fill the vacancy in the same manner by appointing a~~
23 ~~senate or a house member who shall serve for the unexpired term.]~~ **4 member representatives and**
24 **4 employer representatives.** The New Hampshire state employees' association, the
25 New Hampshire education association, the New Hampshire police association, *and* the
26 New Hampshire state permanent firemen's association, ~~[and the New Hampshire Local Government~~
27 ~~Center]~~ shall each annually nominate from their members a panel of 5 persons, ~~[all of whom except~~
28 ~~for the panel of the Local Government Center shall be active members of the retirement system, or~~
29 ~~one of the 4 predecessor systems,]~~ no later than May 31 of each year, and the panels so named shall
30 be filed with the secretary of state no later than June 10 of each year. From ~~[each of]~~ the above
31 named panels, the governor and council shall appoint ~~[one person annually to]~~ **the active member**
32 **representatives of** the board, ~~[except for the panel of the Local Government Center, which shall~~
33 ~~have one person appointed every 2 years]~~ **as needed so as to maintain the representation on the**
34 **board. The governor and council shall appoint the employer representatives of the board**
35 **with the advice of employer organizations.** Members appointed to the board in the manner
36 aforesaid shall serve for a term of 2 years. Each member so appointed shall hold office until his or
37 her successor shall be appointed and qualified. Whenever a vacancy occurs, the governor and council

1 shall fill the vacancy by appointing a member who shall serve for the unexpired term [~~from the same~~
2 ~~panel from which the former member was appointed~~]. The governor shall designate one of the non-
3 member trustees to serve as chairman of said board of trustees.

4 22 Application; Board of Trustees Membership. Members of the board of trustees for the
5 retirement system on the effective date of this section shall serve for the remainder of their terms.
6 In order to conform to changes to the retirement system board of trustees made by this act, upon a
7 vacancy occurring in the membership on the board of trustees after the effective date of this section,
8 the appointment of a trustee shall be made to reasonably conform to the trustee designations in
9 RSA 100-A:14, I.

10 23 Repeal of Special Account. RSA 100-A:16, II(h) - (j), relative to the special account, are
11 repealed.

12 24 Transfer of Balance of Special Account. Any funds remaining in the special account on the
13 effective date of the repeal of the special account by this act shall be transferred to the respective
14 components of the state annuity accumulation fund.

15 25 Definition of Terminal Funding. Amend RSA 100-A:1, XXX to read as follows:

16 XXX. "Terminal funding" shall mean providing the full present value of the total liability for
17 benefit improvement. [~~Unless otherwise specified, the source of terminal funding shall be the special~~
18 ~~account established under RSA 100-A:16, II(h).~~]

19 26 Benefits Upon Death After Retirement; References to Special Account. Amend RSA 100-
20 A:12, I-a and II to read as follows:

21 I-a. In addition to any other provision of this section, upon the death of a retired group II
22 member of the New Hampshire retirement system or any predecessor system, who retired pursuant
23 to RSA 100-A:5, II with at least 20 years of creditable service or pursuant to RSA 100-A:6, II(a) prior
24 to April 1, 1987, there shall be paid to the member's spouse at the time of retirement, if surviving, an
25 allowance to continue until the spouse's death or remarriage equal to 50 percent of the service or
26 ordinary disability retirement allowance payable to the retired member prior to the member's death.
27 The total cost of terminally funding the benefits provided by this paragraph shall be funded from the
28 [~~special account established under RSA 100-A:16, II(h)~~] **state annuity accumulation fund.**

29 II. Upon the death of a group II member who has retired on or after April 1, 1987, or upon
30 the death of a group II member who has filed an application for retirement benefits with the board of
31 trustees after January 1, 1991, there shall be paid to the person nominated by the member by
32 written designation filed with the board, if living, otherwise to the retired member's estate, in
33 addition to the amount payable under RSA 100-A:11 a lump sum of \$3,600 if the member retired
34 before July 1, 1988, and if the member is married on the date of such member's retirement, there
35 shall be paid to such surviving spouse an allowance to continue until the spouse's death or
36 remarriage equal to 50 percent of the member's service, ordinary disability, or accidental disability
37 retirement allowance payments. For any person who is a group II member as of June 30, 1988, and

1 who retires on or after July 1, 1988, the lump sum payment shall be \$10,000. For any person who
2 becomes a member of group II on or after July 1, 1988, and on or prior to July 1, 1993, the lump sum
3 payment shall be \$3,600. It is the intent of the legislature that future group II members shall be
4 included only if the total cost of such inclusion can be *terminally* funded [~~by reimbursement from~~
5 ~~the special account established under RSA 100-A:16, II(h)~~].

6 27 Supplemental Allowance; Reference to Special Account. Amend RSA 100-A:41-a, III to read
7 as follows:

8 III.(a) The payment of any such supplemental allowance shall be contingent on terminal
9 funding of the total actuarial cost thereof. [~~Such terminal funding shall be from the special account~~
10 ~~established under RSA 100-A:16, II(h)~~].

11 (b) [~~No supplemental allowance shall reduce the funds in the respective component of~~
12 ~~the special account to an amount less than zero.~~]

13 (e)] Cost of living adjustments shall be retroactive to the member's eligibility date
14 pursuant to paragraph I.

15 28 Additional Temporary Supplemental Allowances. Amend RSA 100-A:41-d to read as follows:

16 100-A:41-d Additional Temporary Supplemental Allowances.

17 I. The additional supplemental allowance in this paragraph shall apply only for the fiscal
18 year beginning July 1, 2008, the state fiscal year beginning July 1, 2009, and the state fiscal year
19 beginning July 1, 2010. Any retired member of the New Hampshire retirement system or any of its
20 predecessor systems who has been retired for at least 12 months and whose annual retirement
21 allowance is based on at least 15 years of service and is \$20,000 or less, or any beneficiary of such
22 member who is receiving an allowance, shall be entitled to receive an additional supplemental
23 allowance, in addition to the provisions of RSA 100-A:41-a, on the retired member's latest
24 anniversary date. The amount of the additional temporary supplemental allowance under this
25 paragraph shall be \$1,000[~~, paid from the respective component of the special account~~].

26 II. The supplemental allowance in this paragraph shall apply only for the fiscal year
27 beginning July 1, 2008, the state fiscal year beginning July 1, 2009, and the state fiscal year
28 beginning July 1, 2010. Any retired member of the New Hampshire retirement system or any of its
29 predecessor systems who retired prior to January 1, 1993, or any beneficiary of such member who is
30 receiving an allowance, shall be entitled to receive an additional supplemental allowance, in addition
31 to the provisions of RSA 100-A:41-a and paragraph I, on the retired member's latest anniversary
32 date. The amount of the additional temporary supplemental allowance under this paragraph shall
33 be \$500[~~, paid from the respective component of the special account~~].

34 III. The supplemental allowance in this paragraph shall apply only for the fiscal years
35 beginning July 1, 2008 up to and including the fiscal year beginning July 1, [~~2011~~] **2010**. In
36 addition to paragraphs I and II, any retired member of the New Hampshire retirement system or
37 any of its predecessor systems or any beneficiary of such retired member who is receiving an

1 allowance, except for a retired state member, or his or her beneficiary, whose medical benefits
 2 are paid by the state pursuant to RSA 21-I[, who is receiving a medical benefit subsidy payment
 3 under ~~RSA 100-A:52 or RSA 100-A:52-a~~], shall be entitled to receive an additional supplemental
 4 allowance, in addition to the provisions of RSA 100-A:41-a, on the retired member's latest
 5 anniversary date. The amount of the additional temporary supplemental allowance under this
 6 paragraph shall be \$500 for retirees taking a one-person medical benefit and \$1,000 for retirees
 7 taking a 2-person medical benefit[, paid from the respective component of the special account].
 8 Provided, however that no 2-person subsidy recipient may receive more than \$1,000 per year
 9 under this paragraph, and that once a recipient is entitled to Medicare, the additional allowance
 10 under this paragraph shall be reduced to 60 percent of the non-Medicare eligible retiree
 11 amounts.

12 IV. The additional supplemental allowances under this section shall be issued as separate
 13 payment to eligible members or their beneficiaries on or after July 1. Supplemental allowances
 14 under this section shall not become a permanent addition to the base retirement allowance.

15 ~~[V. No supplemental allowance shall be paid if it would reduce the funds in the respective
 16 component of the special account to an amount less than zero. If insufficient funds exist in the
 17 special account to fund all the supplemental allowances provided for in this section and in RSA 100-
 18 A:41-a, the available funds shall be used first to fund the supplemental allowance in RSA 100-A:41-a
 19 then to fund the supplemental allowance in paragraphs I, II, and III of this section, in that order.]~~

20 29 Repeal of Medical Benefits Provisions. The following are repealed:

21 I. RSA 100-A:52 through RSA 100-A:52-b, relative to payment by the retirement system for
 22 certain group I and group II medical benefits.

23 II. RSA 100-A:53, relative to method of financing group II medical benefits.

24 III. RSA 100-A:53-b through RSA 100-A:53-d, relative to the method of financing group I
 25 medical benefits.

26 IV. RSA 100-A:53-e, relative to temporary contribution amounts and ratification.

27 V. RSA 100-A:55, relative to application of medical benefits payments.

28 VI. RSA 21-I:30-a, II, relative the offset of retirement system medical benefits payments.

29 VII. RSA 99:9, V, relative to benefits for certain classified employees laid off in 1998.

30 30 Medical Benefits; Miscellaneous Provisions; Discontinuance. Amend RSA 100-A:54 to read
 31 as follows:

32 100-A:54 Miscellaneous Provisions.

33 I. ~~[It is the intention of the state of New Hampshire that the New Hampshire retirement
 34 system continue to provide medical benefits under RSA 100-A:52 subject to RSA 100-A:55, and that
 35 the employer make contributions in such amounts as the board of trustees shall deem necessary and
 36 appropriate under RSA 100-A:16 for such purpose. Any forfeitures of a member's interest in the
 37 medical benefit accounts as provided under this section prior to any discontinuance of medical~~

1 ~~benefits by the legislature shall be applied to reduce any subsequent employer contributions made~~
 2 ~~pursuant to this section.~~

3 ~~II.]~~ The legislature ~~[may]~~ **shall** discontinue contributions under this subdivision with respect
 4 to medical benefits provided under **former** RSA 100-A:52 ~~[or]~~ **and** cease providing such medical
 5 benefits ~~[for any reason, at any time, in which event]~~. The funds allocated to provide such medical
 6 benefits, if any remain, shall be used to continue medical benefits to members who were eligible for
 7 them under **former** RSA 100-A:52 and 100-A:55 prior to the discontinuance date as long as any
 8 funds remain. However, if after the satisfaction of all medical benefits provided under **former**
 9 RSA 100-A:52 there remain any funds, the program shall be deemed to be terminated and such
 10 remainder shall be returned to the appropriate employer, as defined in RSA 100-A:1, IV, in
 11 accordance with section 401(h)(5) of the Internal Revenue Code.

12 ~~[III.]~~ **II.** The retirement system shall deduct from the monthly retirement allowance of
 13 retired state employees under the age of 65 years receiving medical and surgical benefits provided
 14 pursuant to RSA 21-I:30, the premium contribution amounts of \$65 per month for each such retiree
 15 and \$65 per month for each applicable spouse; provided that the charge to each household shall not
 16 exceed \$130 per month. Deducted amounts~~[, which shall be in addition to and notwithstanding any~~
 17 ~~amounts payable by the retirement system pursuant to RSA 100 A:52, RSA 100 A:52 a, and~~
 18 ~~RSA 100 A:52 b,]~~ shall be deposited in the employee and retiree benefit risk management fund. In
 19 the event the retiree's monthly allowance is insufficient to cover the certified contribution amount,
 20 the retirement system shall so notify the department of administrative services, which shall invoice
 21 and collect from the retiree the remaining contribution amount.

22 31 Purchase of Creditable Service. Amend RSA 100-A:3, VI to read as follows:

23 (c) Except for service described in subparagraph (d), in no case shall prior service
 24 purchased as credible service in the New Hampshire retirement system under the provisions of this
 25 section be deemed to be creditable service for the purposes of eligibility for medical benefits after
 26 retirement under the provisions of RSA 21-I:30~~[, RSA 100 A:52, RSA 100 A:52 a, or RSA 100 A:52 b]~~.

27 32 Armed Forces Credit. Amend RSA 100-A:4, VI(c) to read as follows:

28 (c) Additional creditable service purchased under this paragraph shall not be used as
 29 creditable service for the purpose of determining service retirement eligibility or for the purpose of
 30 eligibility for medical and surgical benefits as a retired employee under RSA 21-I:30~~[, RSA 100 A:52,~~
 31 ~~RSA 100 A:52 a, or RSA 100 A:52 b]~~.

32 33 Peace Corps and AmeriCorps Credit. Amend RSA 100-A:4, VIII to read as follows:

33 **VIII.** Any employee, teacher, permanent policeman, or permanent fireman who has
 34 completed at least 5 years of membership service and who terminates his or her employment in order
 35 to enter directly into the Peace Corps or AmeriCorps, shall be entitled to service credit for the period
 36 of such Peace Corps or AmeriCorps service, provided he or she again becomes employed within a
 37 year after the termination of such service and provided further that he or she elects to make, and

1 makes while in active service and within a period of time equal to 3 times the length of time of such
 2 service, but not more than 5 years, all payments of the full actuarial cost to the system. The full
 3 actuarial cost of service credit purchases under this paragraph shall be determined by the actuary
 4 based on methods and assumptions recommended by the actuary and approved by the board of
 5 trustees. The member may be required to prepay all or part of the actuarial calculation fee, as
 6 determined by the board. Credit shall not be granted until the active member has fully paid for such
 7 service credit in a lump sum or by installment payments as permitted by the board. The member's
 8 payment shall be credited to the member annuity savings fund. The amount of service credit
 9 purchased under this paragraph shall not exceed the least of (a) 2 years or (b) the member's actual
 10 period of Peace Corps and AmeriCorps service or (c) 5 years minus the period of nonqualified service
 11 credit purchased by the member pursuant to former RSA 100-A:4, VII. Creditable service purchased
 12 under this paragraph shall not be used for the purpose of eligibility for medical and surgical benefits
 13 as a retired employee under RSA 21-I:30 [~~RSA 100-A:52, RSA 100-A:52-a, or RSA 100-A:52-b~~].

14 34 Purchase of Out-of-State Credit. Amend RSA 100-A:4-b, III to read as follows:

15 III. In no case shall out-of-state service purchased as creditable service in the
 16 New Hampshire retirement system under the provisions of this section be deemed to be creditable
 17 state service for the purposes of eligibility for medical benefits after retirement under the provisions
 18 of RSA 21-I:30 [~~or RSA 100-A:52-a~~].

19 35 Purchase of Out-of-State Group II Service. Amend RSA 100-A:4-c, IV to read as follows:

20 IV. In no case shall out-of-state service purchased as creditable service in the
 21 New Hampshire retirement system under the provisions of this section be deemed to be creditable
 22 service for the purposes of eligibility for medical benefits after retirement under the provisions of
 23 [~~RSA 100-A:52 through 100-A:55 or~~] RSA 21-I:26 through 21-I:36.

24 36 Political Subdivision Members. Amend RSA 100-A:22 to read as follows:

25 100-A:22 Modifications. Membership in the retirement system shall be optional for officers and
 26 employees of the employer who are in the service of the employer on the date when participation
 27 becomes effective, and any such officer or employee who elects to join the retirement system within
 28 one year thereafter shall be credited with prior service covering such periods of prior service
 29 rendered to such employer for which the employer is willing to make accrued liability contributions.
 30 If the employer is unable or unwilling to make such contributions, a member in service may petition
 31 the board of trustees for periods of prior service rendered to such employer. Upon payment by the
 32 member of the amount determined in accordance with RSA 100-A:3, VI(b) and with the approval of
 33 the board, the member shall receive credit for such prior service. Thereafter, service for such
 34 employer on account of which contributions are made by the employer and member shall also be
 35 considered as creditable service. However, in no event shall prior service purchased as creditable
 36 service under this section be used as creditable service for the purpose of eligibility for medical
 37 benefits [~~under RSA 100-A:52, RSA 100-A:52-a, or RSA 100-A:52-b~~]. Membership shall be

1 compulsory for all employees entering the service of such employer after the date participation
2 becomes effective. Municipalities may, by action of their city council or board of selectmen, exempt
3 their chief administrative officer, at the time of initial hiring or appointment, from compulsory
4 membership provided herein. The chief fiscal officer of the employer, and the heads of its
5 departments, shall submit to the board of trustees such information and shall cause to be performed
6 with respect to the employees of such employer, who are members of the retirement system, such
7 duties as shall be prescribed by the trustees in order to carry out the provisions of this chapter.

8 37 New Subdivision; Voluntary Contribution Plan. Amend RSA 100-A by inserting after section
9 57 the following new subdivision:

10 Voluntary Contribution Plan

11 100-A:58 Voluntary Contribution Plan Established. There is hereby established a voluntary
12 retirement benefit plan for members of the retirement system which shall be in addition to and
13 separate from the provisions of RSA 100-A:1 through RSA 100-A:57, except for definitions in RSA
14 100-A:1 used in this subdivision. The voluntary contribution plan is intended to qualify under 26
15 U.S.C. section 401(a) and section 414(d), the Internal Revenue Code, as a qualified retirement plan
16 established and maintained by the state for its employees and for the employees of political
17 subdivision employers in the state. All contributions and all investments, reinvestments, interest, or
18 other moneys held by the board shall not be assets of the retirement system administered by the
19 board of trustees or subject to control of the board of trustees of the retirement system. All assets
20 received by the plan shall be held for the exclusive benefit of plan participants and their beneficiaries
21 and applied solely as provided by the plan.

22 100-A:59 Participation. Any active member of the retirement system may elect to participate in
23 the voluntary contribution plan established in this subdivision.

24 100-A:60 Administration; Rulemaking.

25 I. The administrator of the plan shall be the board of trustees of the retirement system, who
26 shall carry out all duties and responsibilities under this subdivision.

27 II. The board shall adopt rules, pursuant to RSA 541-A, relative to the procedure for payroll
28 deductions or other participant contributions, administration of the investment choices of members
29 and beneficiaries, and forms necessary for the administration of this subdivision.

30 III. The board shall obtain or cause to be obtained any necessary approvals, rulings,
31 opinions, and confirmations from federal authorities or agencies.

32 100-A:61 Administration of Plan. The board shall have the authority to contract with a third-
33 party administrator for the voluntary contribution plan for the administration of assets accumulated
34 under each participant's account. Expenses of the implementation, administration, and
35 maintenance of the voluntary contribution plan shall be paid from contributions to the plan, income
36 and assets of the plan, or fees or charges imposed on the participants.

1 100-A:62 Limitations on Contributions. Notwithstanding any other provisions of this plan, the
2 annual additions to each member's individual account under this plan may not exceed, for any
3 limitation year, the amount permitted under 26 U.S.C. section 415 at any time. If the amount of a
4 member's voluntary contribution plan contributions exceeds the limitation of 26 U.S.C. section 415(c)
5 for any limitation year, the administrator shall take any necessary remedial action to correct an
6 excess contribution. The provisions of 26 U.S.C. section 415, and the regulations adopted under that
7 statute, as applied to qualified defined contribution plans of governmental employees are
8 incorporated as part of the terms and conditions of the plan.

9 100-A:63 Investment of Individual Accounts.

10 I. The administrator shall provide a range of investment options and permit a participant to
11 exercise investment control over the participant's assets in the member's individual account as
12 provided in this section. If a participant exercises control over the assets in the individual account,
13 the participant is not considered a fiduciary for any reason on the basis of exercising that control.

14 II. A participant may direct investment of plan funds held in an account among available
15 investment funds in accordance with rules established by the administrator.

16 III. A participant may elect to change or transfer all or a portion of the participant's existing
17 account balance among available investment funds in accordance with the rules established by the
18 administrator. Only the last election received by the administrator before the transmittal of
19 contributions to the trust fund for allocation to the individual account shall be used to direct the
20 investment of the contributions received.

21 IV. Except to the extent clearly set out in the terms of the investment plans offered by the
22 employer to the employee, the employer is not liable to the participant for investment losses if the
23 prudent investment standard has been met.

24 V. The employer, administrator, state, or board, or a person or entity who is otherwise a
25 fiduciary, is not liable for any participant's investment loss that results from the participant's
26 directing the investment of plan assets allocated to the participant's account.

27 100-A:64 Withdrawal of Funds. Distributions from an account of a member shall be permitted
28 in the following circumstances, subject to applicable limitations under federal regulations:

29 I. Termination of employment.

30 II. Retirement.

31 III. Upon turning age 59-½ and still employed as limited by federal regulations.

32 IV. If the member becomes disabled.

33 V. If the member dies.

34 VI. Based on financial hardship as defined in applicable federal regulations.

35 100-A:65 Assets and Liabilities.

1 I. This subdivision does not create or permit any obligation on the board or the state to
2 provide any guarantee of investment return or any other guarantee for the benefit of any individual
3 or entity.

4 II. Moneys or other assets of the voluntary contribution plan shall not be considered state
5 moneys or assets.

6 III. The board and the state may not insure, guarantee, or have any similar responsibility or
7 any liability with respect to accounts, moneys, or gains or losses of investment returns, under the
8 voluntary contribution plan.

9 38 Severability; Contingent Amendment; Effective Date.

10 I. The provisions of this act making various amendments concerning the New Hampshire
11 retirement system shall be severable and if any phrase, clause, sentence or provision of this act is
12 declared to be contrary to the constitution of this state or of the United States or the applicability
13 thereof to any government, agency, person, or circumstance is held invalid, the validity of the
14 remainder of this act and the applicability thereof to any government, agency, person, or
15 circumstance shall not be affected thereby.

16 II. If as provided in paragraph I of this section, any phrase, clause, sentence, or provision is
17 held contrary to the constitution of this state or of the United States, the remaining provisions of the
18 act shall be in full force and effect as to all severable matters, and section 39 of this act shall take
19 effect on the July 1 next following the date that the board of trustees certifies to the secretary of
20 state and the director of legislative services of the occurrence of a final ruling on the declaration
21 described in paragraph I.

22 39 Member Contribution Rates; Contingent Version. Amend the introductory paragraph of
23 RSA 100-A:16, I(a) and the contribution rates following the introductory paragraph to read as
24 follows:

25 (a) The member annuity savings fund shall be a fund in which shall be accumulated the
26 contributions deducted from the compensation of members to provide for their member annuities
27 together with any amounts transferred thereto from a similar fund under one or more of the
28 predecessor systems. [~~Except as provided in RSA 100-A:24, I,~~] Such contribution shall be, for each
29 member, [~~dependent upon the member's employment classification at the rate determined in~~
30 ~~accordance with the following table:~~

31 ~~Group I members, 7.00~~

32 ~~Group II members, 11.00]~~ *the rate percent of each member's compensation as*
33 *determined by the retirement system which shall by annual total represent 75 percent of the*
34 *normal contribution and accrued liability contribution determined under paragraph II.*

35 40 Effective Date.

36 I. Section 39 of this act shall take effect as provided in section 38 of this act.

37 II. The remainder of this act shall take effect July 1, 2011.

LBAO
11-0488
01/18/11

HB 580-FN-LOCAL - FISCAL NOTE

AN ACT relative to the New Hampshire retirement system.

FISCAL IMPACT:

Due to time constraints, the Office of Legislative Budget Assistant is unable to provide a fiscal note for this bill at this time. When completed, the fiscal note will be forwarded to the House Clerk's Office.

Amendments

Rep. Kurk, Hills. 7
March 2, 2011
2011-0601h
10/04

Amendment to HB 580-FN-LOCAL

Not Adopted

1 Amend the bill by inserting after section 39 the following and renumbering the original section 40 to
2 read as 41:

3

4 40 New Section; Department of Administrative Services; State Employee Refusal of Benefits
5 Program. Amend RSA 21-I by inserting after section 43-a the following new section:

6 21-I:43-b State Employee Refusal of Benefits Program.

7 I. The commissioner of the department of administrative services shall establish and
8 administer a program which shall allow a permanent full-time state employee to refuse his or her
9 rights as a state employee to receive state medical, dental, and retirement benefits in order to
10 instead receive an increase in his or her base salary or wage.

11 II. The department shall develop forms, establish procedures, and adopt rules for
12 administering the program established by this section. The forms shall include specific notice of the
13 details of the benefits refused by the election of a state employee under this section. Any such
14 election shall be required to be signed and dated by the state employee.

15 III. A permanent full-time state employee paid through the office of the state treasurer shall
16 be eligible to refuse state employee benefits as described in paragraph I. Upon verification by the
17 department of the state employee's refusal of employment benefits, the state employee shall be
18 granted an increase of 25 percent of his or her base salary or wage, excluding pay related to
19 overtime, unused vacation time, unused sick time, longevity pay, or other compensation not deemed
20 by the department to be base salary or wages, to be paid on regular pay schedule for employment
21 during good standing.

22 IV. The election to refuse state employment benefits for an increase in base salary or wages
23 shall only be available to a permanent full-time state employee who first commenced service with the
24 state on or after July 1, 2004.

25 V. The source of funds for the payment of the increase of 25 percent for a state employee
26 electing to refuse state employment benefits under this section shall be the employee and retiree
27 benefit risk management fund established in RSA 21-I:30-e.



2011-0601h

AMENDED ANALYSIS

This bill makes various changes to the state retirement system including:

I. Increasing retirement ages of group I and group II members for service retirement, disability retirement, vested deferred retirement, and split benefits.

II. Changing the definitions of earnable compensation and average final compensation used in calculating retirement benefits.

III. Changing the composition of the board of trustees.

IV. Eliminating the special account.

V. Eliminating the retirement system funding of medical benefits premium payments.

VI. Increasing contribution rates.

VII. Establishing a voluntary defined contribution plan administered by the board of trustees.

VIII. Prohibiting a member in service from concurrently receiving benefits.

This bill also establishes a program allowing a state employee to refuse his or her rights as a state employee to receive state medical, dental, and retirement benefits in order to instead receive an increase in his or her base salary or wage.

Amendment to HB 580-FN-LOCAL

1 Amend the bill by replacing sections 1 -16 with the following and renumbering the original sections
2 17 - 40 to read as 16- 39, respectively:

3
4 1 Retirement System; Definitions; Average Final Compensation. Amend RSA 100-A:1, XVIII to
5 read as follows:

6 XVIII. "Average final compensation" shall mean, *for members who commenced service*
7 *prior to July 1, 2011*, the average annual earnable compensation of a member during his or her
8 highest 3 years of creditable service, or during all of the years in his or her creditable service if less
9 than 3 years. *For members who commenced service on or after July 1, 2011, "average final*
10 *compensation" shall mean the average annual earnable compensation of a member during*
11 *his or her highest 5 years of creditable service, or during all of the years in his or her*
12 *creditable service if less than 5 years.*

13 2 Retirement System; Definition of Earnable Compensation. Amend RSA 100-A:1, XVII to read
14 as follows:

15 XVII. "Earnable compensation" shall mean:

16 (a) For all members *who commenced service on or before June 30, 2011*, the full
17 base rate of compensation paid plus any overtime pay, holiday and vacation pay, sick pay, longevity
18 or severance pay, cost of living bonus, additional pay for extracurricular and instructional activities
19 or for other extra or special duty, and any military differential pay, plus the fair market value of
20 non-cash compensation paid to, or on behalf of, the member for meals or living quarters if subject to
21 federal income tax, but excluding other compensation except cash incentives paid by an employer to
22 encourage members to retire, supplemental pay paid by the employer while the member is receiving
23 workers' compensation, and teacher development pay that is not part of the contracted annual
24 salary. However, earnable compensation in the final 12 months of creditable service prior to
25 termination of employment shall be limited to 1- 1/2 times the higher of the earnable compensation
26 in the 12-month period preceding the final 12 months or the highest compensation year as
27 determined for the purpose of calculating average final compensation, but excluding the final 12
28 months. Any compensation received in the final 12 months of employment in excess of such limit
29 shall not be subject to member or employer contributions to the retirement system and shall not be
30 considered in the computation of average final compensation. Provided that, the annual
31 compensation limit for members of governmental defined benefit pension plans under section
32 401(a)(17) of the United States Internal Revenue Code of 1986, as amended, shall apply to earnable

1 compensation for all employees, teachers, permanent firemen, and permanent policemen who first
2 become eligible for membership in the system on or after July 1, 1996. Earnable compensation shall
3 not include compensation in any form paid later than 120 days after the member's termination of
4 employment from a retirement eligible position, with the limited exceptions of disability related
5 severance pay paid to a member or retiree no later than 120 days after a decision by the board of
6 trustees granting the member or retiree disability retirement benefits pursuant to RSA 100-A:6 and
7 of severance pay which a member was entitled to be paid within 120 days after termination but
8 which, without the consent of the member and not through any fault of the member, was paid more
9 than 120 days after the member's termination. The member shall have the burden of proving to the
10 board of trustees that any severance payment paid later than 120 days after the member's
11 termination of employment is earnable compensation and meets the requirements of an asserted
12 exception to the 120-day post-termination payment requirement.

13 *(b) For any member who commenced service on and after July 1, 2011, the full*
14 *base rate of compensation paid plus any compensation for mandatory training and any*
15 *military differential pay. However, earnable compensation in the final 2 12-month periods*
16 *of creditable service prior to termination of employment shall each be limited to 1-1/2 times*
17 *the highest compensation year as determined for the purpose of calculating average final*
18 *compensation, but excluding the final 24 months. Any compensation received in the final*
19 *24 months of employment in excess of such limit shall not be subject to member or employer*
20 *contributions to the retirement system and shall not be considered in the computation of*
21 *average final compensation. Provided that, the annual compensation limit for members of*
22 *governmental defined benefit pension plans under section 401(a)(17) of the United States*
23 *Internal Revenue Code of 1986, as amended, shall apply to earnable compensation for all*
24 *employees, teachers, permanent firemen, and permanent policemen. Earnable*
25 *compensation shall not include compensation in any form paid later than 120 days after*
26 *the member's termination of employment from a retirement eligible position.*

27 3 Membership; Employees; Full-Time Requirement. Amend RSA 100-A:3, III to read as follows:

28 III. The board of trustees may, in its discretion, accept as members any class of *full-time*
29 employees, *or any class of* teachers, permanent policemen or permanent firemen, whose
30 compensation is only partly paid by an employer or who are serving on a temporary or other than per
31 annum basis, and it may also, in its discretion, make optional with *such* employees, teachers,
32 permanent policemen or permanent firemen in any such class their individual entrance into
33 membership. *Provided, however, that membership as an employee as defined in RSA 100-*
34 *A:1, V shall require full-time employment, which shall not be satisfied by the combination*
35 *of service in one or more part-time positions. In addition, no member in a full-time*
36 *position as an employee shall be permitted to make contributions or to accrue benefits*
37 *under this chapter on account of any such part-time employment. Any rule or practice*

1 *adopted by the board which is inconsistent with the requirements of this paragraph shall*
2 *be without effect.*

3 4 Service Retirement; Age Increased. Amend RSA 100-A:5 to read as follows:

4 100-A:5 Service Retirement Benefits.

5 I. Group I Members.

6 (a) Any group I member, *who* may retire on a service retirement allowance upon written
7 application to the board of trustees setting forth at what time, not less than 30 days nor more than
8 90 days subsequent to the filing thereof, the member desires to be retired, provided the member at
9 the time so specified for retirement has attained age 60 *if the member commenced service before*
10 *July 1, 2011 or age 65 if the member commenced service on or after July 1, 2011*, and
11 notwithstanding that during such period of notification the member may have separated from
12 service. For the purposes of this section, a teacher member of group I who remains in service
13 throughout a school year shall be deemed to be in service during July and August at the end of such
14 school year.

15 (b) Upon service retirement, an employee member or teacher member of group I shall
16 receive a service retirement allowance which shall consist of a member annuity which shall be the
17 actuarial equivalent of the member's accumulated contributions at the time of retirement, and a
18 state annuity. Prior to the member's attainment of age 65, the state annuity, together with the
19 member annuity, shall be equal to 1/60 of the member's average final compensation multiplied by
20 the number of years of creditable service. After attainment of age 65, the state annuity, together
21 with the member annuity, shall be equal to 1/66 of the member's average final compensation
22 multiplied by the number of years of creditable service.

23 (c) Notwithstanding any other provision of law, any group I member who meets the
24 requirements of RSA 100-A:10, I(a), and who has either completed at least 20 years of creditable
25 service which, when combined with his age equals at least 70 years, or who has attained the age of
26 50, but not the age of 60 *if the member commenced service before July 1, 2011 or the age of 65*
27 *if the member commenced service on or after July 1, 2011*, may elect to retire and have benefits
28 commence immediately as a reduced service retirement allowance upon written application to the
29 board of trustees setting forth the time, not less than 30 days nor more than 90 days subsequent to
30 the filing thereof, at which the member desires to have benefits commence. The service retirement
31 allowance shall be determined in accordance with RSA 100-A:5, I(b) and shall be reduced, for each
32 month by which the date on which benefits commence precedes the month after which the member
33 attains 60 years of age *if the member commenced service before July 1, 2011 or 65 years of age*
34 *if the member commenced service on or after July 1, 2011*, by 1/8 of one percent if the member
35 has 35 years or more of creditable service, by 1/4 of one percent if the member has 30 years but less
36 than 35 years of creditable service, by 1/3 of one percent if the member has at least 25 years but less
37 than 30 years of creditable service, by 5/12 of one percent if the member has at least 20 years but

1 less than 25 years of creditable service, and by 5/9 of one percent if the member has less than 20
2 years of creditable service.

3 (d) [Repealed.]

4 II. Group II Members.

5 (a) Any group II member in service, *who commenced service before July 1, 2011*, who
6 has attained age 45 and completed 20 years of creditable service, or who has attained age 60
7 regardless of the number of years of creditable service, *and a group II member who commenced*
8 *service on or after July 1, 2011, who has attained age 50 and completed 25 years of*
9 *creditable service, or who has attained age 65 regardless of the number of years of*
10 *creditable service*, may retire on a service retirement allowance upon written application to the
11 board of trustees setting forth at what time not less than 30 days nor more than 90 days subsequent
12 to the filing thereof the member desires to be retired, notwithstanding that during such period of
13 notification the member may have separated from service.

14 (b) Upon service retirement, a group II member shall receive a service retirement
15 allowance which shall consist of:

16 (1) A member annuity which shall be the actuarial equivalent of his accumulated
17 contributions at the time of retirement; and

18 (2) *For members who commenced service before July 1, 2011*, a state annuity
19 which, together with his *or her* member annuity, shall be equal to 2-1/2 percent of his *or her*
20 average final compensation multiplied by the number of years of his *or her* creditable service not in
21 excess of 40 years, *or for members who commenced service on or after July 1, 2011, a state*
22 *annuity which, together with his or her member annuity, shall be equal to 2 percent of his*
23 *or her average final compensation multiplied by the number of years of his or her*
24 *creditable service not in excess of 50 years.*

25 (c)(1) Notwithstanding any provision of RSA 100-A to the contrary, any group II member
26 who *commenced service before July 1, 2011 and* has retired on or after the effective date of this
27 subparagraph after attaining the age of 45 with at least 20 years of creditable service, *and any*
28 *group II member who commenced service on or after July 1, 2011 and has retired on or*
29 *after the effective date of this subparagraph after attaining the age of 50 with at least 25*
30 *years of creditable service*, shall receive a minimum annual service retirement allowance of
31 \$10,000. If such group II member has elected to convert the retirement allowance into an optional
32 allowance for the surviving spouse under RSA 100-A:13, the surviving spouse shall be entitled to a
33 proportional share of the \$10,000.

34 (2) [Repealed.]

35 (3) [Repealed.]

36 5 Disability Retirement; Group I Age Increased. Amend RSA 100-A:6, I(b) to read as follows:

37 (b)(1) Upon ordinary disability retirement, the group I member who has attained age 60

1 *if the member commenced service before July 1, 2011 or the age of 65 if the member*
2 *commenced service on or after July 1, 2011* shall receive an ordinary disability retirement
3 allowance which shall consist of a member annuity and shall be the actuarial equivalent of the
4 member's accumulated contributions at the time of his ordinary disability retirement, and a state
5 annuity as follows:

6 (A) Prior to the member's attainment of age 65, the state annuity, together with
7 the member annuity, shall be equal to 1/60 of the member's average final compensation at the time
8 of his ordinary disability retirement multiplied by the number of years of creditable service at the
9 time of his ordinary disability retirement;

10 (B) After attainment of age 65, the state annuity, together with the member
11 annuity, shall be equal to 1/66 of the member's average final compensation at the time of his
12 ordinary disability retirement multiplied by the number of years of creditable service at the time of
13 his ordinary disability retirement;

14 (C) Regardless of age at disability, the ordinary disability retirement allowance
15 shall not be less than 25 percent of the member's average final compensation at the time of his *or*
16 *her* disability retirement.

17 (2) Upon ordinary disability retirement, the group I member who has not attained
18 age 60 *if the member commenced service before July 1, 2011 or the age of 65 if the member*
19 *commenced service on or after July 1, 2011* shall receive an ordinary disability retirement
20 allowance which shall consist of: a member annuity which shall be the actuarial equivalent of the
21 member's accumulated contributions at the time of his ordinary disability retirement; and a state
22 annuity which, together with the member annuity, shall be equal to 1.5 percent of the member's
23 average final compensation at the time of his ordinary disability retirement multiplied by the
24 number of years of creditable service at that time of his ordinary disability retirement. However,
25 regardless of age at disability, the ordinary disability retirement allowance shall not be less than 25
26 percent of the member's average final compensation at the time of his *or her* disability retirement.

27 6 Accidental Disability Retirement; Group I. Amend RSA 100-A:6, I(d) to read as follows:

28 (d)(1) Upon accidental disability retirement, the group I member who has attained age
29 60 *if the member commenced service before July 1, 2011 or the age of 65 if the member*
30 *commenced service or after July 1, 2011* shall receive an accidental disability retirement
31 allowance which shall consist of a member annuity and shall be the actuarial equivalent of the
32 member's accumulated contributions at the time of his accidental disability retirement, and a state
33 annuity as follows:

34 (A) Prior to the member's attainment of age 65, the state annuity, together with
35 the member annuity, shall be equal to 1/60 of the member's average final compensation at the time
36 of his accidental disability retirement multiplied by the number of years of creditable service at the
37 time of his accidental disability retirement;

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1 (B) After attainment of age 65, the state annuity, together with the member
2 annuity, shall be equal to 1/66 of the member's average final compensation at the time of his
3 accidental disability retirement multiplied by the number of years of creditable service at the time of
4 his accidental disability retirement;

5 (C) Regardless of age at disability, such allowance shall not be less than 50
6 percent of the member's average final compensation at the time of his accidental disability
7 retirement.

8 (2) Upon accidental disability retirement, the group I member who has not attained
9 age 60 *if the member commenced service before July 1, 2011 or the age of 65 if the member*
10 *commenced service on or after July 1, 2011* shall receive an accidental disability retirement
11 allowance which shall consist of: the member annuity which shall be the actuarial equivalent of the
12 member's accumulated contributions at the time of his accidental disability retirement; and a state
13 annuity which, together with the member annuity, shall be equal to 50 percent of the member's
14 average final compensation at the time of his disability retirement.

15 7 Ordinary Disability Retirement; Group II. Amend RSA 100-A:6, II(b) to read as follows:

16 (b) Upon ordinary disability retirement, the group II member shall receive an ordinary
17 disability retirement allowance which shall consist of: a member annuity which shall be the
18 actuarial equivalent of his accumulated contributions at the time of his *or her* ordinary disability
19 retirement; and a state annuity which, together with his *or her* member annuity, *for members who*
20 *commenced service before July 1, 2011*, shall be equal to 2-1/2 percent of his *or her* average final
21 compensation at the time of [his] ordinary disability retirement multiplied by the number of years of
22 his *or her* creditable service not in excess of 40 at the time of [his] ordinary disability retirement, *or*
23 *for members who commenced service on or after July 1, 2011, shall be equal to 2 percent of*
24 *his or her average final compensation at the time of ordinary disability retirement*
25 *multiplied by the number of years of his or her creditable service not in excess of 50 at the*
26 *time of ordinary disability retirement*, provided, however, that such allowance shall not be less
27 than 25 percent of the member's final compensation at the time of his *or her* disability retirement.

28 8 Accidental Disability Retirement; Group II. Amend RSA 100-A:6, II(d) to read as follows:

29 (d) Upon accidental disability retirement, the group II member shall receive an
30 accidental disability retirement allowance equal to 2/3 of his *or her* average final compensation at
31 the time of [his] disability retirement.

32 (1) For *members who commenced service before July 1, 2011*, any group II
33 member who has more than 26-2/3 years of service, a supplemental disability retirement allowance
34 shall be paid. Such supplement shall be equal to 2-1/2 percent of his *or her* average final
35 compensation multiplied by the number of years of his *or her* creditable service in excess of 26-2/3
36 but not in excess of 40 years.

37 (2) *For members who commenced service on or after July 1, 2011, any group*

1 *II member who has more than 33-1/3 years of service, a supplemental disability retirement*
2 *allowance shall be paid. Such supplement shall be equal to 2 percent of his or her average*
3 *final compensation multiplied by the number of years of his or her creditable service in*
4 *excess of 33-1/3 but not in excess of 50 years.*

5 (3) *An accidental disability retirement allowance together with a*
6 *supplemental disability retirement allowance, as provided in this subparagraph, shall not*
7 *exceed 100 percent of the disability retiree's average final compensation.*

8 9 Vested Deferred; Group II Age Increased. Amend RSA 100-A:10, II(b) to read as follows:

9 (b) *For members who commenced service before July 1, 2011*, upon the member's
10 attainment of age 45, provided the member would then have completed 20 years of creditable service,
11 otherwise the subsequent date on which such 20 years would have been completed, or at any time
12 after age 60, *or for members who commenced service on or after July 1, 2011, upon the*
13 *member's attainment of age 50, provided the member would then have completed 25 years*
14 *of creditable service, otherwise the subsequent date on which such 25 years would have*
15 *been completed, or at any time after age 65*, a group II member who meets the requirement of
16 subparagraph (a) may make application on a form prescribed by the board of trustees and receive a
17 vested deferred retirement allowance which shall consist of: (1) A member annuity which shall be
18 the actuarial equivalent of accumulated contributions on the date the member's retirement
19 allowance commences; and (2) A state annuity which, together with the member annuity, shall be
20 equal to a service retirement allowance based on the member's average final compensation and
21 creditable service at the time the member's service is terminated.

22 10 Return of Contributions. Amend RSA 100-A:11, I(c) to read as follows:

23 (c) Upon the death of a group I member who has elected, pursuant to RSA 100-A:10, to
24 receive a vested deferred retirement allowance before his *or her* attainment of age 60 *if the*
25 *member commenced service before July 1, 2011 or the age of 65 if the member commenced*
26 *service on or after July 1, 2011*, the amount of his accumulated contributions at the time of his *or*
27 *her* death shall be paid to the person or persons, if any, nominated by ~~him~~ *the member*, if living,
28 otherwise to the member's estate.

29 11 Split Benefits; Minimum Age. Amend RSA 100-A:19-b to read as follows:

30 100-A:19-b Minimum Age. For the purposes of this subdivision only, minimum age shall mean:

31 I. For a member who has completed less than 20 years combined creditable service in both
32 group I and group II, 60 years *if the member commenced service before July 1, 2011 or 65 years*
33 *if the member commenced service on or after July 1, 2011.*

34 II. For a member *who commenced service before July 1, 2011 and*, who has completed
35 20 or more years of combined creditable service, one year shall be deducted from age 60 for each year
36 of creditable group II service, provided that the age shall not be less than 45 years. *For a member*
37 *who commenced service on or after July 1, 2011 and, who has completed 25 or more years of*

1 *combined creditable service, one year shall be deducted from age 65 for each year of*
2 *creditable group II service, provided that the age shall not be less than 50 years.*

3 12 Split Benefits; Reduced Early Retirement; Minimum Age. Amend RSA 100-A:19-d to read as
4 follows:

5 100-A:19-d Reduced Early Retirement. Notwithstanding any other provision of law, any
6 retirement system member who has creditable service in both group I and group II with at least
7 10 years combined creditable service, and who has attained an age which is at least 45 *for members*
8 *who commenced group II service prior to July 1, 2011 or at least 50 for members who*
9 *commenced group II service on or after July 1, 2011* and is within 10 years of the minimum age
10 set forth in RSA 100-A:19-b, may elect to retire and have benefits commence immediately as a
11 reduced split-benefit service retirement allowance. Application shall be as provided in RSA 100-A:5,
12 I(c). The allowance shall be determined as a split-benefit service retirement allowance in accordance
13 with RSA 100-A:19-c, and the total combined split-benefit service allowance shall be reduced by the
14 percentages shown in RSA 100-A:5, I(c), based on the total combined length of creditable service, for
15 each month by which the date on which benefits commence precedes the month after which the
16 member attains the minimum age set forth in RSA 100-A:19-b.

17 13 State Employees; Retirement. Amend RSA 21-I:30, II(a) to read as follows:

18 (a) Has at least 10 years of creditable service for the state if the employee's service began
19 prior to July 1, 2003 or 20 years of creditable service if the employee's service began on or after July
20 1, 2003, and who also is at least 60 years of age at the time of retirement *if the employee*
21 *commenced service before July 1, 2011 or at least 65 years of age at the time of retirement if*
22 *the employee commenced service on or after July 1, 2011; or*

23 14 State Employees; Group Insurance Benefits; Group II. Amend RSA 21-I:30, III to read as
24 follows:

25 III. Any vested deferred state retiree may receive medical and surgical benefits under this
26 section if the vested deferred state retiree is eligible. To be eligible, a group I vested deferred state
27 retiree shall have at least 10 years of creditable service with the state if the employee's service began
28 prior to July 1, 2003 or 20 years of creditable service with the state if the employee's service began
29 on or after July 1, 2003 and a group II vested deferred state retiree shall have at least 20 years of
30 creditable service with the state if the employee's service with the state began on or after July 1,
31 2010. In addition, if the vested deferred state retiree is a member of group I, such retiree shall be at
32 least 60 years of age to be eligible *if the member commenced service before July 1, 2011 or 65*
33 *years of age if the member commenced service on or after July 1, 2011.* If the vested deferred
34 state retiree is a member of group II *who commenced service before July 1, 2011*, such retiree
35 shall not be eligible until 20 years from the date of becoming a member of group II and shall be at
36 least 45 years of age, *and any group II member who commenced service on or after July 1,*
37 *2011 shall not be eligible until 25 years from the date of becoming a member of group II*

1 **and shall be at least 50 years of age.**

2 15 Financing; Contribution Rates; Group II Member Payroll Deduction. Amend RSA 100-A:16,
3 I(a) to read as follows:

4 (a) The member annuity savings fund shall be a fund in which shall be accumulated the
5 contributions deducted from the compensation of members to provide for their member annuities
6 together with any amounts transferred thereto from a similar fund under one or more of the
7 predecessor systems. **Except as provided in RSA 100-A:24, I**, such contribution shall be, for each
8 member, dependent upon the member's employment classification at the rate determined in
9 accordance with the following table:

10 Employees of employers other than the state ***hired on or before June 30, 2011***, 5.00

11 Employees of the state hired on or before June 30, 2009, 5.00

12 Employees of the state hired after June 30, 2009, 7.00

13 Teachers ***hired on or before June 30, 2011***, 5.00

14 Permanent Policemen ***hired on or before June 30, 2011***, 9.30

15 Permanent Firemen ***hired on or before June 30, 2011***, 9.30

16 ***Group I members hired after June 30, 2011***, 7.00

17 ***Group II members hired after June 30, 2011***, 11.00

18 The board of trustees shall certify to the proper authority or officer responsible for making up the
19 payroll of each employer, and such authority or officer shall cause to be deducted from the
20 compensation of each member, except group II members ***who commenced service before July 1,***
21 ***2011*** with creditable service in excess of 40 years ***or group II members who commenced service***
22 ***on or after July 1, 2011 with creditable service in excess of 50 years***, as provided in RSA 100-
23 A:5, II(b) and RSA 100-A:6, II(b), on each and every payroll of such employer for each and every
24 payroll period, the percentage of earnable compensation applicable to such member. No deduction
25 from earnable compensation under this paragraph shall apply to any group II member ***who***
26 ***commenced service before July 1, 2011*** with creditable service in excess of 40 years, ***or group II***
27 ***member who commenced service on or after July 1, 2011 with creditable service in excess of***
28 ***50 years***, as provided in RSA 100-A:5, II(b) and RSA 100-A:6, II(b), and this provision for such
29 members shall not affect the method of determining average final compensation as provided in RSA
30 100-A:1, XVIII. In determining the amount earnable by a member in a payroll period, the board may
31 consider the rate of compensation payable to such member on the first day of a payroll period as
32 continuing throughout the payroll period and it may omit deduction from compensation for any
33 period less than a full payroll period if such person was not a member on the first day of the payroll
34 period, and to facilitate the making of deductions it may modify the deduction required of any
35 member by such an amount as shall not exceed 1/10 of one percent of the annual earnable
36 compensation upon the basis of which such deduction is made. The amounts deducted shall be
37 reported to the board of trustees. Each of such amounts, when deducted, shall be paid to the

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1 retirement system at such times as may be designated by the board of trustees and credited to the
2 individual account, in the member annuity savings fund, of the member from whose compensation
3 the deduction was made.

4

5 Amend the bill by replacing all after section 36 with the following:

6

7 37 Effective Date. This act shall take effect July 1, 2011.

Rep. Shurtleff, Merr. 10
March 22, 2011
2011-1117h
10/01

Amendment to HB 580-FN-LOCAL

Not Added

1 Amend the bill by replacing sections 1 -16 with the following and renumbering the original sections
2 17 - 40 to read as 16- 39, respectively:

3

4 1 Retirement System; Definitions; Average Final Compensation. Amend RSA 100-A:1, XVIII to
5 read as follows:

6 XVIII. "Average final compensation" shall mean, *for members who commenced service*
7 *prior to July 1, 2011*, the average annual earnable compensation of a member during his or her
8 highest 3 years of creditable service, or during all of the years in his or her creditable service if less
9 than 3 years. *For members who commenced service on or after July 1, 2011, "average final*
10 *compensation" shall mean the average annual earnable compensation of a member during*
11 *his or her highest 5 years of creditable service, or during all of the years in his or her*
12 *creditable service if less than 5 years.*

13 2 Retirement System; Definition of Earnable Compensation. Amend RSA 100-A:1, XVII to read
14 as follows:

15 XVII. "Earnable compensation" shall mean:

16 (a) For all members *who commenced service on or before June 30, 2011*, the full
17 base rate of compensation paid plus any overtime pay, holiday and vacation pay, sick pay, longevity
18 or severance pay, cost of living bonus, additional pay for extracurricular and instructional activities
19 or for other extra or special duty, and any military differential pay, plus the fair market value of
20 non-cash compensation paid to, or on behalf of, the member for meals or living quarters if subject to
21 federal income tax, but excluding other compensation except cash incentives paid by an employer to
22 encourage members to retire, supplemental pay paid by the employer while the member is receiving
23 workers' compensation, and teacher development pay that is not part of the contracted annual
24 salary. However, earnable compensation in the final 12 months of creditable service prior to
25 termination of employment shall be limited to 1- 1/2 times the higher of the earnable compensation
26 in the 12-month period preceding the final 12 months or the highest compensation year as
27 determined for the purpose of calculating average final compensation, but excluding the final 12
28 months. Any compensation received in the final 12 months of employment in excess of such limit
29 shall not be subject to member or employer contributions to the retirement system and shall not be
30 considered in the computation of average final compensation. Provided that, the annual
31 compensation limit for members of governmental defined benefit pension plans under section
32 401(a)(17) of the United States Internal Revenue Code of 1986, as amended, shall apply to earnable

1 compensation for all employees, teachers, permanent firemen, and permanent policemen who first
2 become eligible for membership in the system on or after July 1, 1996. Earnable compensation shall
3 not include compensation in any form paid later than 120 days after the member's termination of
4 employment from a retirement eligible position, with the limited exceptions of disability related
5 severance pay paid to a member or retiree no later than 120 days after a decision by the board of
6 trustees granting the member or retiree disability retirement benefits pursuant to RSA 100-A:6 and
7 of severance pay which a member was entitled to be paid within 120 days after termination but
8 which, without the consent of the member and not through any fault of the member, was paid more
9 than 120 days after the member's termination. The member shall have the burden of proving to the
10 board of trustees that any severance payment paid later than 120 days after the member's
11 termination of employment is earnable compensation and meets the requirements of an asserted
12 exception to the 120-day post-termination payment requirement.

13 *(b) For any member who commenced service on and after July 1, 2011, the full*
14 *base rate of compensation paid plus any compensation for mandatory training and any*
15 *military differential pay. However, earnable compensation in the final 2 12-month periods*
16 *of creditable service prior to termination of employment shall each be limited to 1-1/2 times*
17 *the highest compensation year as determined for the purpose of calculating average final*
18 *compensation, but excluding the final 24 months. Any compensation received in the final*
19 *24 months of employment in excess of such limit shall not be subject to member or employer*
20 *contributions to the retirement system and shall not be considered in the computation of*
21 *average final compensation. Provided that, the annual compensation limit for members of*
22 *governmental defined benefit pension plans under section 401(a)(17) of the United States*
23 *Internal Revenue Code of 1986, as amended, shall apply to earnable compensation for all*
24 *employees, teachers, permanent firemen, and permanent policemen. Earnable*
25 *compensation shall not include compensation in any form paid later than 120 days after*
26 *the member's termination of employment from a retirement eligible position.*

27 3 Membership; Employees; Full-Time Requirement. Amend RSA 100-A:3, III to read as follows:

28 III. The board of trustees may, in its discretion, accept as members any class of *full-time*
29 employees, *or any class of* teachers, permanent policemen or permanent firemen, whose
30 compensation is only partly paid by an employer or who are serving on a temporary or other than per
31 annum basis, and it may also, in its discretion, make optional with *such* employees, teachers,
32 permanent policemen or permanent firemen in any such class their individual entrance into
33 membership. *Provided, however, that membership as an employee as defined in RSA 100-*
34 *A:1, V shall require full-time employment, which shall not be satisfied by the combination*
35 *of service in one or more part-time positions. In addition, no member in a full-time*
36 *position as an employee shall be permitted to make contributions or to accrue benefits*
37 *under this chapter on account of any such part-time employment. Any rule or practice*

1 *adopted by the board which is inconsistent with the requirements of this paragraph shall*
2 *be without effect.*

3 4 Service Retirement; Age Increased. Amend RSA 100-A:5 to read as follows:

4 100-A:5 Service Retirement Benefits.

5 I. Group I Members.

6 (a) Any group I member, *who* may retire on a service retirement allowance upon written
7 application to the board of trustees setting forth at what time, not less than 30 days nor more than
8 90 days subsequent to the filing thereof, the member desires to be retired, provided the member at
9 the time so specified for retirement has attained age 60 *if the member commenced service before*
10 *July 1, 2011 or age 65 if the member commenced service on or after July 1, 2011*, and
11 notwithstanding that during such period of notification the member may have separated from
12 service. For the purposes of this section, a teacher member of group I who remains in service
13 throughout a school year shall be deemed to be in service during July and August at the end of such
14 school year.

15 (b) Upon service retirement, an employee member or teacher member of group I shall
16 receive a service retirement allowance which shall consist of a member annuity which shall be the
17 actuarial equivalent of the member's accumulated contributions at the time of retirement, and a
18 state annuity. Prior to the member's attainment of age 65, the state annuity, together with the
19 member annuity, shall be equal to 1/60 of the member's average final compensation multiplied by
20 the number of years of creditable service. After attainment of age 65, the state annuity, together
21 with the member annuity, shall be equal to 1/66 of the member's average final compensation
22 multiplied by the number of years of creditable service.

23 (c) Notwithstanding any other provision of law, any group I member who meets the
24 requirements of RSA 100-A:10, I(a), and who has either completed at least 20 years of creditable
25 service which, when combined with his age equals at least 70 years, or who has attained the age of
26 50, but not the age of 60 *if the member commenced service before July 1, 2011 or the age of 65*
27 *if the member commenced service on or after July 1, 2011*, may elect to retire and have benefits
28 commence immediately as a reduced service retirement allowance upon written application to the
29 board of trustees setting forth the time, not less than 30 days nor more than 90 days subsequent to
30 the filing thereof, at which the member desires to have benefits commence. The service retirement
31 allowance shall be determined in accordance with RSA 100-A:5, I(b) and shall be reduced, for each
32 month by which the date on which benefits commence precedes the month after which the member
33 attains 60 years of age *if the member commenced service before July 1, 2011 or 65 years of age*
34 *if the member commenced service on or after July 1, 2011*, by 1/8 of one percent if the member
35 has 35 years or more of creditable service, by 1/4 of one percent if the member has 30 years but less
36 than 35 years of creditable service, by 1/3 of one percent if the member has at least 25 years but less
37 than 30 years of creditable service, by 5/12 of one percent if the member has at least 20 years but



1 less than 25 years of creditable service, and by 5/9 of one percent if the member has less than 20
2 years of creditable service.

3 (d) [Repealed.]

4 II. Group II Members.

5 (a) Any group II member in service, *who commenced service before July 1, 2011*, who
6 has attained age 45 and completed 20 years of creditable service, or who has attained age 60
7 regardless of the number of years of creditable service, *and a group II member who commenced*
8 *service on or after July 1, 2011, who has attained age 50 and completed 25 years of*
9 *creditable service, or who has attained age 65 regardless of the number of years of*
10 *creditable service*, may retire on a service retirement allowance upon written application to the
11 board of trustees setting forth at what time not less than 30 days nor more than 90 days subsequent
12 to the filing thereof the member desires to be retired, notwithstanding that during such period of
13 notification the member may have separated from service.

14 (b) Upon service retirement, a group II member shall receive a service retirement
15 allowance which shall consist of:

16 (1) A member annuity which shall be the actuarial equivalent of his accumulated
17 contributions at the time of retirement; and

18 (2) *For members who commenced service before July 1, 2011*, a state annuity
19 which, together with his *or her* member annuity, shall be equal to 2-1/2 percent of his *or her*
20 average final compensation multiplied by the number of years of his *or her* creditable service not in
21 excess of 40 years, *or for members who commenced service on or after July 1, 2011, a state*
22 *annuity which, together with his or her member annuity, shall be equal to 2 percent of his*
23 *or her average final compensation multiplied by the number of years of his or her*
24 *creditable service not in excess of 50 years.*

25 (c)(1) Notwithstanding any provision of RSA 100-A to the contrary, any group II member
26 who *commenced service before July 1, 2011 and* has retired on or after the effective date of this
27 subparagraph after attaining the age of 45 with at least 20 years of creditable service, *and any*
28 *group II member who commenced service on or after July 1, 2011 and has retired on or*
29 *after the effective date of this subparagraph after attaining the age of 50 with at least 25*
30 *years of creditable service*, shall receive a minimum annual service retirement allowance of
31 \$10,000. If such group II member has elected to convert the retirement allowance into an optional
32 allowance for the surviving spouse under RSA 100-A:13, the surviving spouse shall be entitled to a
33 proportional share of the \$10,000.

34 (2) [Repealed.]

35 (3) [Repealed.]

36 5 Disability Retirement; Group I Age Increased. Amend RSA 100-A:6, I(b) to read as follows:

37 (b)(1) Upon ordinary disability retirement, the group I member who has attained age 60

1 *if the member commenced service before July 1, 2011 or the age of 65 if the member*
2 *commenced service on or after July 1, 2011* shall receive an ordinary disability retirement
3 allowance which shall consist of a member annuity and shall be the actuarial equivalent of the
4 member's accumulated contributions at the time of his ordinary disability retirement, and a state
5 annuity as follows:

6 (A) Prior to the member's attainment of age 65, the state annuity, together with
7 the member annuity, shall be equal to 1/60 of the member's average final compensation at the time
8 of his ordinary disability retirement multiplied by the number of years of creditable service at the
9 time of his ordinary disability retirement;

10 (B) After attainment of age 65, the state annuity, together with the member
11 annuity, shall be equal to 1/66 of the member's average final compensation at the time of his
12 ordinary disability retirement multiplied by the number of years of creditable service at the time of
13 his ordinary disability retirement;

14 (C) Regardless of age at disability, the ordinary disability retirement allowance
15 shall not be less than 25 percent of the member's average final compensation at the time of his *or*
16 *her* disability retirement.

17 (2) Upon ordinary disability retirement, the group I member who has not attained
18 age 60 *if the member commenced service before July 1, 2011 or the age of 65 if the member*
19 *commenced service on or after July 1, 2011* shall receive an ordinary disability retirement
20 allowance which shall consist of: a member annuity which shall be the actuarial equivalent of the
21 member's accumulated contributions at the time of his ordinary disability retirement; and a state
22 annuity which, together with the member annuity, shall be equal to 1.5 percent of the member's
23 average final compensation at the time of his ordinary disability retirement multiplied by the
24 number of years of creditable service at that time of his ordinary disability retirement. However,
25 regardless of age at disability, the ordinary disability retirement allowance shall not be less than 25
26 percent of the member's average final compensation at the time of his *or her* disability retirement.

27 6 Accidental Disability Retirement; Group I. Amend RSA 100-A:6, I(d) to read as follows:

28 (d)(1) Upon accidental disability retirement, the group I member who has attained age
29 60 *if the member commenced service before July 1, 2011 or the age of 65 if the member*
30 *commenced service or after July 1, 2011* shall receive an accidental disability retirement
31 allowance which shall consist of a member annuity and shall be the actuarial equivalent of the
32 member's accumulated contributions at the time of his accidental disability retirement, and a state
33 annuity as follows:

34 (A) Prior to the member's attainment of age 65, the state annuity, together with
35 the member annuity, shall be equal to 1/60 of the member's average final compensation at the time
36 of his accidental disability retirement multiplied by the number of years of creditable service at the
37 time of his accidental disability retirement;

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1 (B) After attainment of age 65, the state annuity, together with the member
2 annuity, shall be equal to 1/66 of the member's average final compensation at the time of his
3 accidental disability retirement multiplied by the number of years of creditable service at the time of
4 his accidental disability retirement;

5 (C) Regardless of age at disability, such allowance shall not be less than 50
6 percent of the member's average final compensation at the time of his accidental disability
7 retirement.

8 (2) Upon accidental disability retirement, the group I member who has not attained
9 age 60 *if the member commenced service before July 1, 2011 or the age of 65 if the member*
10 *commenced service on or after July 1, 2011* shall receive an accidental disability retirement
11 allowance which shall consist of: the member annuity which shall be the actuarial equivalent of the
12 member's accumulated contributions at the time of his accidental disability retirement; and a state
13 annuity which, together with the member annuity, shall be equal to 50 percent of the member's
14 average final compensation at the time of his disability retirement.

15 7 Ordinary Disability Retirement; Group II. Amend RSA 100-A:6, II(b) to read as follows:

16 (b) Upon ordinary disability retirement, the group II member shall receive an ordinary
17 disability retirement allowance which shall consist of: a member annuity which shall be the
18 actuarial equivalent of his accumulated contributions at the time of his *or her* ordinary disability
19 retirement; and a state annuity which, together with his *or her* member annuity, *for members who*
20 *commenced service before July 1, 2011*, shall be equal to 2-1/2 percent of his *or her* average final
21 compensation at the time of [~~his~~] ordinary disability retirement multiplied by the number of years of
22 his *or her* creditable service not in excess of 40 at the time of [~~his~~] ordinary disability retirement, *or*
23 *for members who commenced service on or after July 1, 2011, shall be equal to 2 percent of*
24 *his or her average final compensation at the time of ordinary disability retirement*
25 *multiplied by the number of years of his or her creditable service not in excess of 50 at the*
26 *time of ordinary disability retirement*, provided, however, that such allowance shall not be less
27 than 25 percent of the member's final compensation at the time of his *or her* disability retirement.

28 8 Accidental Disability Retirement; Group II. Amend RSA 100-A:6, II(d) to read as follows:

29 (d) Upon accidental disability retirement, the group II member shall receive an
30 accidental disability retirement allowance equal to 2/3 of his *or her* average final compensation at
31 the time of [~~his~~] disability retirement.

32 (1) For *members who commenced service before July 1, 2011*, any group II
33 member who has more than 26-2/3 years of service, a supplemental disability retirement allowance
34 shall be paid. Such supplement shall be equal to 2-1/2 percent of his *or her* average final
35 compensation multiplied by the number of years of his *or her* creditable service in excess of 26-2/3
36 but not in excess of 40 years.

37 (2) *For members who commenced service on or after July 1, 2011, any group*



1 *II member who has more than 33-1/3 years of service, a supplemental disability retirement*
2 *allowance shall be paid. Such supplement shall be equal to 2 percent of his or her average*
3 *final compensation multiplied by the number of years of his or her creditable service in*
4 *excess of 33-1/3 but not in excess of 50 years.*

5 (3) *An accidental disability retirement allowance together with a*
6 *supplemental disability retirement allowance, as provided in this subparagraph, shall not*
7 *exceed 100 percent of the disability retiree's average final compensation.*

8 9 Vested Deferred; Group II Age Increased. Amend RSA 100-A:10, II(b) to read as follows:

9 (b) *For members who commenced service before July 1, 2011, upon the member's*
10 *attainment of age 45, provided the member would then have completed 20 years of creditable service,*
11 *otherwise the subsequent date on which such 20 years would have been completed, or at any time*
12 *after age 60, or for members who commenced service on or after July 1, 2011, upon the*
13 *member's attainment of age 50, provided the member would then have completed 25 years*
14 *of creditable service, otherwise the subsequent date on which such 25 years would have*
15 *been completed, or at any time after age 65, a group II member who meets the requirement of*
16 *subparagraph (a) may make application on a form prescribed by the board of trustees and receive a*
17 *vested deferred retirement allowance which shall consist of: (1) A member annuity which shall be*
18 *the actuarial equivalent of accumulated contributions on the date the member's retirement*
19 *allowance commences; and (2) A state annuity which, together with the member annuity, shall be*
20 *equal to a service retirement allowance based on the member's average final compensation and*
21 *creditable service at the time the member's service is terminated.*

22 10 Return of Contributions. Amend RSA 100-A:11, I(c) to read as follows:

23 (c) Upon the death of a group I member who has elected, pursuant to RSA 100-A:10, to
24 receive a vested deferred retirement allowance before his *or her* attainment of age 60 *if the*
25 *member commenced service before July 1, 2011 or the age of 65 if the member commenced*
26 *service on or after July 1, 2011, the amount of his accumulated contributions at the time of his or*
27 *her death shall be paid to the person or persons, if any, nominated by [him] the member, if living,*
28 otherwise to the member's estate.

29 11 Split Benefits; Minimum Age. Amend RSA 100-A:19-b to read as follows:

30 100-A:19-b Minimum Age. For the purposes of this subdivision only, minimum age shall mean:

31 I. For a member who has completed less than 20 years combined creditable service in both
32 group I and group II, 60 years *if the member commenced service before July 1, 2011 or 65 years*
33 *if the member commenced service on or after July 1, 2011.*

34 II. For a member *who commenced service before July 1, 2011 and*, who has completed
35 20 or more years of combined creditable service, one year shall be deducted from age 60 for each year
36 of creditable group II service, provided that the age shall not be less than 45 years. *For a member*
37 *who commenced service on or after July 1, 2011 and, who has completed 25 or more years of*



1 *combined creditable service, one year shall be deducted from age 65 for each year of*
2 *creditable group II service, provided that the age shall not be less than 50 years.*

3 12 Split Benefits; Reduced Early Retirement; Minimum Age. Amend RSA 100-A:19-d to read as
4 follows:

5 100-A:19-d Reduced Early Retirement. Notwithstanding any other provision of law, any
6 retirement system member who has creditable service in both group I and group II with at least
7 10 years combined creditable service, and who has attained an age which is at least 45 *for members*
8 *who commenced group II service prior to July 1, 2011 or at least 50 for members who*
9 *commenced group II service on or after July 1, 2011* and is within 10 years of the minimum age
10 set forth in RSA 100-A:19-b, may elect to retire and have benefits commence immediately as a
11 reduced split-benefit service retirement allowance. Application shall be as provided in RSA 100-A:5,
12 I(c). The allowance shall be determined as a split-benefit service retirement allowance in accordance
13 with RSA 100-A:19-c, and the total combined split-benefit service allowance shall be reduced by the
14 percentages shown in RSA 100-A:5, I(c), based on the total combined length of creditable service, for
15 each month by which the date on which benefits commence precedes the month after which the
16 member attains the minimum age set forth in RSA 100-A:19-b.

17 13 State Employees; Retirement. Amend RSA 21-I:30, II(a) to read as follows:

18 (a) Has at least 10 years of creditable service for the state if the employee's service began
19 prior to July 1, 2003 or 20 years of creditable service if the employee's service began on or after July
20 1, 2003, and who also is at least 60 years of age at the time of retirement *if the employee*
21 *commenced service before July 1, 2011 or at least 65 years of age at the time of retirement if*
22 *the employee commenced service on or after July 1, 2011; or*

23 14 State Employees; Group Insurance Benefits; Group II. Amend RSA 21-I:30, III to read as
24 follows:

25 III. Any vested deferred state retiree may receive medical and surgical benefits under this
26 section if the vested deferred state retiree is eligible. To be eligible, a group I vested deferred state
27 retiree shall have at least 10 years of creditable service with the state if the employee's service began
28 prior to July 1, 2003 or 20 years of creditable service with the state if the employee's service began
29 on or after July 1, 2003 and a group II vested deferred state retiree shall have at least 20 years of
30 creditable service with the state if the employee's service with the state began on or after July 1,
31 2010. In addition, if the vested deferred state retiree is a member of group I, such retiree shall be at
32 least 60 years of age to be eligible *if the member commenced service before July 1, 2011 or 65*
33 *years of age if the member commenced service on or after July 1, 2011*. If the vested deferred
34 state retiree is a member of group II *who commenced service before July 1, 2011*, such retiree
35 shall not be eligible until 20 years from the date of becoming a member of group II and shall be at
36 least 45 years of age, *and any group II member who commenced service on or after July 1,*
37 *2011 shall not be eligible until 25 years from the date of becoming a member of group II*



1 **and shall be at least 50 years of age.**

2 15 Financing; Contribution Rates; Group II Member Payroll Deduction. Amend RSA 100-A:16,
3 I(a) to read as follows:

4 (a) The member annuity savings fund shall be a fund in which shall be accumulated the
5 contributions deducted from the compensation of members to provide for their member annuities
6 together with any amounts transferred thereto from a similar fund under one or more of the
7 predecessor systems. **Except as provided in RSA 100-A:24, I**, such contribution shall be, for each
8 member, dependent upon the member's employment classification at the rate determined in
9 accordance with the following table:

10 Employees of employers other than the state ***hired on or before June 30, 2011***, 5.00

11 Employees of the state hired on or before June 30, 2009, 5.00

12 Employees of the state hired after June 30, 2009, 7.00

13 Teachers ***hired on or before June 30, 2011***, 5.00

14 Permanent Policemen ***hired on or before June 30, 2011***, 9.30

15 Permanent Firemen ***hired on or before June 30, 2011***, 9.30

16 ***Group I members hired after June 30, 2011***, 7.00

17 ***Group II members hired after June 30, 2011***, 11.00

18 The board of trustees shall certify to the proper authority or officer responsible for making up the
19 payroll of each employer, and such authority or officer shall cause to be deducted from the
20 compensation of each member, except group II members ***who commenced service before July 1,***
21 ***2011*** with creditable service in excess of 40 years ***or group II members who commenced service***
22 ***on or after July 1, 2011 with creditable service in excess of 50 years***, as provided in RSA 100-
23 A:5, II(b) and RSA 100-A:6, II(b), on each and every payroll of such employer for each and every
24 payroll period, the percentage of earnable compensation applicable to such member. No deduction
25 from earnable compensation under this paragraph shall apply to any group II member ***who***
26 ***commenced service before July 1, 2011*** with creditable service in excess of 40 years, ***or group II***
27 ***member who commenced service on or after July 1, 2011 with creditable service in excess of***
28 ***50 years***, as provided in RSA 100-A:5, II(b) and RSA 100-A:6, II(b), and this provision for such
29 members shall not affect the method of determining average final compensation as provided in RSA
30 100-A:1, XVIII. In determining the amount earnable by a member in a payroll period, the board may
31 consider the rate of compensation payable to such member on the first day of a payroll period as
32 continuing throughout the payroll period and it may omit deduction from compensation for any
33 period less than a full payroll period if such person was not a member on the first day of the payroll
34 period, and to facilitate the making of deductions it may modify the deduction required of any
35 member by such an amount as shall not exceed 1/10 of one percent of the annual earnable
36 compensation upon the basis of which such deduction is made. The amounts deducted shall be
37 reported to the board of trustees. Each of such amounts, when deducted, shall be paid to the

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1 retirement system at such times as may be designated by the board of trustees and credited to the
2 individual account, in the member annuity savings fund, of the member from whose compensation
3 the deduction was made.

4

5 Amend the bill by replacing all after section 36 with the following:

6

7 37 Effective Date. This act shall take effect July 1, 2011.

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1 Amend the title of the bill by replacing it with the following:

2

3 AN ACT relative to the New Hampshire retirement system, and relative to continuation of
4 provisions of a collective bargaining agreement following the end of the term of the
5 agreement.
6

7 Amend the bill by replacing all after the enacting clause with the following:

8

9 1 Findings and Intent.

10 I. It is imperative for the state to take immediate action to assure the state retirement
11 system's future financial health.

12 (a) The Pew Institute has concluded that unfunded pension and healthcare liabilities are
13 a nationwide problem, estimated at over \$1 trillion.

14 (b) The New Hampshire retirement system has an estimated unfunded pension liability
15 of \$3.7 billion and \$1.5 billion of unfunded medical insurance liability. Although a plan is underway
16 for recovery over 30 years, uncertainties in future market returns, rapid increases in medical costs,
17 increases in life expectancy, and slower growth in public sector employment require prudent
18 intervention to assure financial viability.

19 (c) The level of federal debt of almost \$14 trillion and growing rapidly suggests that
20 federal assistance to the states may be significantly reduced in the future, adding to the problem.

21 (d) The budget reductions planned for the state fiscal years 2012 and 2013 are large, and
22 do not fully meet the state's commitments to health and human services, education, transportation,
23 and other services. Reductions in state retirement costs are a necessary part.

24 II. The current level of benefits for public employees is unsustainable.

25 (a) On average, benefits constitute an additional 52 percent increase to the cost of public
26 salaries. This is significantly higher than the percent paid in the private sector, and taxpayers are
27 increasing unable to continue this level of support, especially in our recessionary climate.

28 (b) Public employees are increasingly not cost-competitive with private alternatives to
29 providing state and municipal services.

30 (c) Public employee contributions to their pensions have not been increased for many
31 years.

32 III. The financial viability of the state retirement system must be preserved.

33 (a) Simply shifting who pays (i.e., employees or employers) will not solve the problem.

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1 (b) It is important to adjust the system fairly among employee classes, and to introduce
2 changes in a way to ameliorate impact on present employees, especially those closest to retirement.

3 (c) Pension costs must not make public employees uncompetitive with the private sector.

4 2 Retirement System; Definitions; Average Final Compensation. Amend RSA 100-A:1, XVIII to
5 read as follows:

6 XVIII. "Average final compensation" shall mean, *for members who retire prior to July 1,*
7 *2016*, the average annual earnable compensation of a member during his or her highest 3 years of
8 creditable service, or during all of the years in his or her creditable service if less than 3 years. *For*
9 *members who retire on or after July 1, 2016, "average final compensation" shall mean the*
10 *average annual earnable compensation of a member during his or her highest 5 years of*
11 *creditable service, or during all of the years in his or her creditable service if less than 5*
12 *years.*

13 3 Retirement System; Definition of Earnable Compensation. Amend RSA 100-A:1, XVII to read
14 as follows:

15 XVII. "Earnable compensation" shall mean:

16 (a) For all members *in service on or before June 30, 2011 and who retire prior to*
17 *July 1, 2016*, the full base rate of compensation paid plus any overtime pay, holiday and vacation
18 pay, sick pay, longevity or severance pay, cost of living bonus, additional pay for extracurricular and
19 instructional activities or for other extra or special duty, and any military differential pay, plus the
20 fair market value of non-cash compensation paid to, or on behalf of, the member for meals or living
21 quarters if subject to federal income tax, but excluding other compensation except cash incentives
22 paid by an employer to encourage members to retire, supplemental pay paid by the employer while
23 the member is receiving workers' compensation, and teacher development pay that is not part of the
24 contracted annual salary. However, earnable compensation in the final 12 months of creditable
25 service prior to termination of employment shall be limited to 1- 1/2 times the higher of the earnable
26 compensation in the 12-month period preceding the final 12 months or the highest compensation
27 year as determined for the purpose of calculating average final compensation, but excluding the final
28 12 months. Any compensation received in the final 12 months of employment in excess of such limit
29 shall not be subject to member or employer contributions to the retirement system and shall not be
30 considered in the computation of average final compensation. Provided that, the annual
31 compensation limit for members of governmental defined benefit pension plans under section
32 401(a)(17) of the United States Internal Revenue Code of 1986, as amended, shall apply to earnable
33 compensation for all employees, teachers, permanent firemen, and permanent policemen who first
34 become eligible for membership in the system on or after July 1, 1996. Earnable compensation shall
35 not include compensation in any form paid later than 120 days after the member's termination of
36 employment from a retirement eligible position, with the limited exceptions of disability related
37 severance pay paid to a member or retiree no later than 120 days after a decision by the board of

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1 trustees granting the member or retiree disability retirement benefits pursuant to RSA 100-A:6 and
2 of severance pay which a member was entitled to be paid within 120 days after termination but
3 which, without the consent of the member and not through any fault of the member, was paid more
4 than 120 days after the member's termination. The member shall have the burden of proving to the
5 board of trustees that any severance payment paid later than 120 days after the member's
6 termination of employment is earnable compensation and meets the requirements of an asserted
7 exception to the 120-day post-termination payment requirement.

8 ***(b) For any member in service on and after July 1, 2011 and who retires after***
9 ***July 1, 2016, the full base rate of compensation paid plus holiday pay, vacation pay, and***
10 ***sick pay, and any compensation for mandatory training and any military differential pay.***
11 ***Earnable compensation shall not include pay for accumulated unused sick or vacation***
12 ***time. However, earnable compensation in the final 2 12-month periods of creditable service***
13 ***prior to termination of employment shall each be limited to 1-1/2 times the highest***
14 ***compensation year as determined for the purpose of calculating average final***
15 ***compensation, but excluding the final 24 months. Any compensation received in the final***
16 ***24 months of employment in excess of such limit shall not be subject to member or employer***
17 ***contributions to the retirement system and shall not be considered in the computation of***
18 ***average final compensation. Provided that, the annual compensation limit for members of***
19 ***governmental defined benefit pension plans under section 401(a)(17) of the United States***
20 ***Internal Revenue Code of 1986, as amended, shall apply to earnable compensation for all***
21 ***employees, teachers, permanent firemen, and permanent policemen. Earnable***
22 ***compensation shall not include compensation in any form paid later than 120 days after***
23 ***the member's termination of employment from a retirement eligible position.***

24 4 Membership; Employees; Full-Time Requirement. Amend RSA 100-A:3, III to read as follows:

25 III. The board of trustees may, in its discretion, accept as members any class of ***full-time***
26 ***employees, or any class of teachers, permanent policemen or permanent firemen, whose***
27 ***compensation is only partly paid by an employer or who are serving on a temporary or other than per***
28 ***annum basis, and it may also, in its discretion, make optional with such employees, teachers,***
29 ***permanent policemen or permanent firemen in any such class their individual entrance into***
30 ***membership. Provided, however, that membership as an employee as defined in RSA 100-***
31 ***A:1, V shall require full-time employment, which shall not be satisfied by the combination***
32 ***of service in one or more part-time positions. In addition, no member in a full-time***
33 ***position as an employee shall be permitted to make contributions or to accrue benefits***
34 ***under this chapter on account of any such part-time employment. Any rule or practice***
35 ***adopted by the board which is inconsistent with the requirements of this paragraph shall***
36 ***be without effect.***

37 5 Service Retirement; Age Increased. Amend RSA 100-A:5 to read as follows:

1 100-A:5 Service Retirement Benefits.

2 I. Group I Members.

3 (a) Any group I member, *who* may retire on a service retirement allowance upon written
4 application to the board of trustees setting forth at what time, not less than 30 days nor more than
5 90 days subsequent to the filing thereof, the member desires to be retired, provided the member at
6 the time so specified for retirement has attained age 60 *if the member is in vested status before*
7 *July 1, 2011 or age 65 if the member is not in vested status on July 1, 2011*, and
8 notwithstanding that during such period of notification the member may have separated from
9 service. For the purposes of this section, a teacher member of group I who remains in service
10 throughout a school year shall be deemed to be in service during July and August at the end of such
11 school year.

12 (b) Upon service retirement, an employee member or teacher member of group I shall
13 receive a service retirement allowance which shall consist of a member annuity which shall be the
14 actuarial equivalent of the member's accumulated contributions at the time of retirement, and a
15 state annuity. Prior to the member's attainment of age 65, the state annuity, together with the
16 member annuity, shall be equal to 1/60 of the member's average final compensation multiplied by
17 the number of years of creditable service. After attainment of age 65, the state annuity, together
18 with the member annuity, shall be equal to 1/66 of the member's average final compensation
19 multiplied by the number of years of creditable service.

20 (c) Notwithstanding any other provision of law, any group I member who meets the
21 requirements of RSA 100-A:10, I(a), and who has either completed at least 20 years of creditable
22 service which, when combined with his *or her* age equals at least [70] 75 years, or who has attained
23 the age of [50] 55, but not the age of 60 *if the member is in vested status before July 1, 2011 or*
24 *the age of 65 if the member is not in vested status on July 1, 2011*, may elect to retire and have
25 benefits commence immediately as a reduced service retirement allowance upon written application
26 to the board of trustees setting forth the time, not less than 30 days nor more than 90 days
27 subsequent to the filing thereof, at which the member desires to have benefits commence. The
28 service retirement allowance shall be determined in accordance with RSA 100-A:5, I(b) and shall be
29 reduced, for each month by which the date on which benefits commence precedes the month after
30 which the member attains 60 years of age *if the member is in vested status before July 1, 2011*
31 *or 65 years of age if the member is not in vested status on July 1, 2011*, by 1/8 of one percent if
32 the member has 35 years or more of creditable service, by 1/4 of one percent if the member has 30
33 years but less than 35 years of creditable service, by 1/3 of one percent if the member has at least 25
34 years but less than 30 years of creditable service, by 5/12 of one percent if the member has at least
35 20 years but less than 25 years of creditable service, and by 5/9 of one percent if the member has less
36 than 20 years of creditable service.

37 (d) [Repealed.]

1 II. Group II Members.

2 (a)(1) Any group II member in service, *who is in vested status before July 1, 2011,*
3 *who has attained age 45 and completed 20 years of creditable service, or who has attained age 60*
4 *regardless of the number of years of creditable service, may retire on a service retirement allowance*
5 *upon written application to the board of trustees setting forth at what time not less than 30 days nor*
6 *more than 90 days subsequent to the filing thereof the member desires to be retired,*
7 *notwithstanding that during such period of notification the member may have separated from*
8 *service.*

9 (2) *Any group II member in service who is not in vested status on July 1,*
10 *2011, who has attained age 50 and completed 25 years of creditable service, or who has*
11 *attained age 65 regardless of the number of years of creditable service, may retire and*
12 *receive a service retirement allowance beginning upon the attainment of age 55 upon*
13 *written application to the board of trustees setting forth at what time not less than 30 days*
14 *nor more than 90 days subsequent to the filing thereof the member desires to be retired,*
15 *notwithstanding that during such period of notification the member may have separated*
16 *from service.*

17 (b) Upon service retirement, a group II member shall receive a service retirement
18 allowance which shall consist of:

19 (1) A member annuity which shall be the actuarial equivalent of his accumulated
20 contributions at the time of retirement; and

21 (2) *For members who are in vested status before July 1, 2011,* a state annuity
22 *which, together with his or her member annuity, shall be equal to 2-1/2 percent of his or her*
23 *average final compensation multiplied by the number of years of his or her creditable service not in*
24 *excess of 40 years, or for members who commenced service or are not in vested status on July*
25 *1, 2011, a state annuity which, together with his or her member annuity, shall be equal to 2*
26 *percent of his or her average final compensation multiplied by the number of years of his*
27 *or her creditable service not in excess of 25 years.*

28 (c)(1) Notwithstanding any provision of RSA 100-A to the contrary, any group II member
29 *who is in vested status before July 1, 2011 and* has retired on or after the effective date of this
30 *subparagraph after attaining the age of 45 with at least 20 years of creditable service shall receive a*
31 *minimum annual service retirement allowance of \$10,000, and any group II member who is not*
32 *in vested status on July 1, 2011 and has retired on or after the effective date of this*
33 *subparagraph after attaining the age of 50 with at least 25 years of creditable service,*
34 *shall receive beginning upon the attainment of age 55 a minimum annual service*
35 *retirement allowance of \$10,000.* If such group II member has elected to convert the retirement
36 allowance into an optional allowance for the surviving spouse under RSA 100-A:13, the surviving
37 spouse shall be entitled to a proportional share of the \$10,000.

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1 (2) [Repealed.]

2 (3) [Repealed.]

3 6 Disability Retirement; Group I Age Increased. Amend RSA 100-A:6, I(b) to read as follows:

4 (b)(1) Upon ordinary disability retirement, the group I member who has attained age 60
5 *if the member is in vested status before July 1, 2011 or the age of 65 if the member is not in*
6 *vested status on July 1, 2011* shall receive an ordinary disability retirement allowance which shall
7 consist of a member annuity and shall be the actuarial equivalent of the member's accumulated
8 contributions at the time of his ordinary disability retirement, and a state annuity as follows:

9 (A) Prior to the member's attainment of age 65, the state annuity, together with
10 the member annuity, shall be equal to 1/60 of the member's average final compensation at the time
11 of his ordinary disability retirement multiplied by the number of years of creditable service at the
12 time of his ordinary disability retirement;

13 (B) After attainment of age 65, the state annuity, together with the member
14 annuity, shall be equal to 1/66 of the member's average final compensation at the time of his
15 ordinary disability retirement multiplied by the number of years of creditable service at the time of
16 his ordinary disability retirement;

17 (C) Regardless of age at disability, the ordinary disability retirement allowance
18 shall not be less than 25 percent of the member's average final compensation at the time of his *or*
19 *her* disability retirement.

20 (2) Upon ordinary disability retirement, the group I member who has not attained
21 age 60 *if the member is in vested status before July 1, 2011 or the age of 65 if the member is*
22 *not in vested status on July 1, 2011* shall receive an ordinary disability retirement allowance
23 which shall consist of: a member annuity which shall be the actuarial equivalent of the member's
24 accumulated contributions at the time of his ordinary disability retirement; and a state annuity
25 which, together with the member annuity, shall be equal to 1.5 percent of the member's average final
26 compensation at the time of his ordinary disability retirement multiplied by the number of years of
27 creditable service at that time of his ordinary disability retirement. However, regardless of age at
28 disability, the ordinary disability retirement allowance shall not be less than 25 percent of the
29 member's average final compensation at the time of his *or her* disability retirement.

30 7 Accidental Disability Retirement; Group I. Amend RSA 100-A:6, I(d) to read as follows:

31 (d)(1) Upon accidental disability retirement, the group I member who has attained age
32 60 *if the member is in vested status before July 1, 2011 or the age of 65 if the member is not*
33 *in vested status on July 1, 2011* shall receive an accidental disability retirement allowance which
34 shall consist of a member annuity and shall be the actuarial equivalent of the member's accumulated
35 contributions at the time of his accidental disability retirement, and a state annuity as follows:

36 (A) Prior to the member's attainment of age 65, the state annuity, together with
37 the member annuity, shall be equal to 1/60 of the member's average final compensation at the time

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1 of his accidental disability retirement multiplied by the number of years of creditable service at the
2 time of his accidental disability retirement;

3 (B) After attainment of age 65, the state annuity, together with the member
4 annuity, shall be equal to 1/66 of the member's average final compensation at the time of his
5 accidental disability retirement multiplied by the number of years of creditable service at the time of
6 his accidental disability retirement;

7 (C) Regardless of age at disability, such allowance shall not be less than 50
8 percent of the member's average final compensation at the time of his accidental disability
9 retirement.

10 (2) Upon accidental disability retirement, the group I member who has not attained
11 age 60 *if the member is in vested status before July 1, 2011 or the age of 65 if the member is*
12 *not in vested status on July 1, 2011* shall receive an accidental disability retirement allowance
13 which shall consist of: the member annuity which shall be the actuarial equivalent of the member's
14 accumulated contributions at the time of his accidental disability retirement; and a state annuity
15 which, together with the member annuity, shall be equal to 50 percent of the member's average final
16 compensation at the time of his disability retirement.

17 8 Ordinary Disability Retirement; Group II. Amend RSA 100-A:6, II(b) to read as follows:

18 (b) Upon ordinary disability retirement, the group II member shall receive an ordinary
19 disability retirement allowance which shall consist of: a member annuity which shall be the
20 actuarial equivalent of his accumulated contributions at the time of his *or her* ordinary disability
21 retirement; and a state annuity which, together with his *or her* member annuity, *for members who*
22 *are in vested status before July 1, 2011*, shall be equal to 2-1/2 percent of his *or her* average final
23 compensation at the time of [~~his~~] ordinary disability retirement multiplied by the number of years of
24 his *or her* creditable service not in excess of 40 at the time of [~~his~~] ordinary disability retirement, *or*
25 *for members who are not in vested status on July 1, 2011, shall be equal to 2 percent of his*
26 *or her average final compensation at the time of ordinary disability retirement multiplied*
27 *by the number of years of his or her creditable service not in excess of 25 at the time of*
28 *ordinary disability retirement*, provided, however, that such allowance shall not be less than 25
29 percent of the member's final compensation at the time of his *or her* disability retirement.

30 9 Accidental Disability Retirement; Group II. Amend RSA 100-A:6, II(d) to read as follows:

31 (d)(1) Upon accidental disability retirement, the group II member *who is in vested*
32 *status before July 1, 2011*, shall receive an accidental disability retirement allowance equal to 2/3
33 of his *or her* average final compensation at the time of [~~his~~] disability retirement, *and the group II*
34 *member who is not in vested status on July 1, 2011, shall receive an accidental disability*
35 *retirement allowance equal to 1/2 of his or her average final compensation at the time of*
36 *disability retirement*.

37 (2) For any group II member who has more than 26-2/3 years of service, a

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1 supplemental disability retirement allowance shall be paid. Such supplement shall be equal to 2-1/2
2 percent of his *or her* average final compensation multiplied by the number of years of his *or her*
3 creditable service in excess of 26-2/3 but not in excess of 40 years. *Provided however that an*
4 *accidental disability retirement allowance together with a supplemental disability*
5 *retirement allowance, as provided in this subparagraph, shall not exceed 100 percent of*
6 *the disability retiree's average final compensation.*

7 10 Vested Deferred; Group II Age Increased. Amend RSA 100-A:10, II(b) to read as follows:

8 (b) *For members who are in vested status before July 1, 2011*, upon the member's
9 attainment of age 45, provided the member would then have completed 20 years of creditable service,
10 otherwise the subsequent date on which such 20 years would have been completed, or at any time
11 after age 60, *or for members who are not in vested status on July 1, 2011, upon the member's*
12 *attainment of age 50, provided the member would then have completed 25 years of*
13 *creditable service, otherwise the subsequent date on which such 25 years would have been*
14 *completed, or at any time after age 65*, a group II member who meets the requirement of
15 subparagraph (a) may make application on a form prescribed by the board of trustees and receive a
16 vested deferred retirement allowance which shall consist of: (1) A member annuity which shall be
17 the actuarial equivalent of accumulated contributions on the date the member's retirement
18 allowance commences; and (2) A state annuity which, together with the member annuity, shall be
19 equal to a service retirement allowance based on the member's average final compensation and
20 creditable service at the time the member's service is terminated.

21 11 Return of Contributions. Amend RSA 100-A:11, I(c) to read as follows:

22 (c) Upon the death of a group I member who has elected, pursuant to RSA 100-A:10, to
23 receive a vested deferred retirement allowance before his *or her* attainment of age 60 *if the*
24 *member is in vested status before July 1, 2011 or the age of 65 if the member is not in vested*
25 *status on July 1, 2011*, the amount of his *or her* accumulated contributions at the time of his *or*
26 *her* death shall be paid to the person or persons, if any, nominated by ~~him~~ *the member*, if living,
27 otherwise to the member's estate.

28 12 Split Benefits; Minimum Age. Amend RSA 100-A:19-b to read as follows:

29 100-A:19-b Minimum Age. For the purposes of this subdivision only, minimum age shall mean:

30 I. For a member who has completed less than 20 years combined creditable service in both
31 group I and group II, 60 years *if the member is in vested status before July 1, 2011 or 65 years*
32 *if the member is not in vested status on July 1, 2011.*

33 II. For a member *who is in vested status before July 1, 2011 and*, who has completed 20
34 or more years of combined creditable service, one year shall be deducted from age 60 for each year of
35 creditable group II service, provided that the age shall not be less than 45 years. *For a member*
36 *who commenced service or is not in vested status on July 1, 2011 and, who has completed 25*
37 *or more years of combined creditable service, one year shall be deducted from age 65 for*

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1 *each year of creditable group II service, provided that the age shall not be less than 50*
2 *years.*

3 13 Split Benefits; Reduced Early Retirement; Minimum Age. Amend RSA 100-A:19-d to read as
4 follows:

5 100-A:19-d Reduced Early Retirement. Notwithstanding any other provision of law, any
6 retirement system member who has creditable service in both group I and group II with at least
7 10 years combined creditable service, and who has attained an age which is at least 45 *for members*
8 *who are in vested status with group II service prior to July 1, 2011 or at least 50 for*
9 *members who commenced group II service or are not in vested status on July 1, 2011* and is
10 within 10 years of the minimum age set forth in RSA 100-A:19-b, may elect to retire and have
11 benefits commence immediately as a reduced split-benefit service retirement allowance. Application
12 shall be as provided in RSA 100-A:5, I(c). The allowance shall be determined as a split-benefit
13 service retirement allowance in accordance with RSA 100-A:19-c, and the total combined split-benefit
14 service allowance shall be reduced by the percentages shown in RSA 100-A:5, I(c), based on the total
15 combined length of creditable service, for each month by which the date on which benefits commence
16 precedes the month after which the member attains the minimum age set forth in RSA 100-A:19-b.

17 14 State Employees; Retirement. Amend RSA 21-I:30, II(a) to read as follows:

18 (a) Has at least 10 years of creditable service for the state if the employee's service began
19 prior to July 1, 2003 or 20 years of creditable service if the employee's service began on or after July
20 1, 2003, and who also is at least 60 years of age at the time of retirement *if the employee is in*
21 *vested status before July 1, 2011 or at least 65 years of age at the time of retirement if the*
22 *employee is not in vested status on July 1, 2011; or*

23 15 State Employees; Group Insurance Benefits; Group II. Amend RSA 21-I:30, III to read as
24 follows:

25 III. Any vested deferred state retiree may receive medical and surgical benefits under this
26 section if the vested deferred state retiree is eligible. To be eligible, a group I vested deferred state
27 retiree shall have at least 10 years of creditable service with the state if the employee's service began
28 prior to July 1, 2003 or 20 years of creditable service with the state if the employee's service began
29 on or after July 1, 2003 and a group II vested deferred state retiree shall have at least 20 years of
30 creditable service with the state if the employee's service with the state began on or after July 1,
31 2010. In addition, if the vested deferred state retiree is a member of group I, such retiree shall be at
32 least 60 years of age to be eligible *if the member is in vested status before July 1, 2011 or 65*
33 *years of age if the member is not in vested status on July 1, 2011.* If the vested deferred state
34 retiree is a member of group II *who is in vested status before July 1, 2011,* such retiree shall not
35 be eligible until 20 years from the date of becoming a member of group II and shall be at least 45
36 years of age, *and any group II member who is not in vested status on July 1, 2011 shall not*
37 *be eligible until 25 years from the date of becoming a member of group II and shall be at*

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1 *least 50 years of age.*

2 16 Retirement Age Changed; Vested Status; Group I. Notwithstanding the provisions of RSA
3 100-A:5, RSA 100-A:6, RSA 100-A:10, RSA 100-A:11, RSA 100-A:19-b, and RSA 21-I:30 relating to
4 retirement at age 60, persons who are in vested status in the retirement system or as a state
5 employee under RSA 21-I:30 on the effective date of this section shall be permitted to retire on an
6 unreduced service retirement, disability retirement, vested deferred retirement, or split benefit
7 retirement at the following ages, based on the corresponding number of years of creditable service:

8 I. At least 10 but not 15 years of creditable service, age 64.

9 II. At least 15 but not 20 years of creditable service, age 63.

10 III. At least 20 but not 25 years of creditable service, age 62.

11 IV. At least 25 but not 30 years of creditable service, age 61.

12 V. At least 30 years of creditable service, age 60.

13 17 Retirement Qualifications; Members Not in Vested Status; Group II. Notwithstanding the
14 provisions of RSA 100-A:5, RSA 100-A:6, RSA 100-A:10, RSA 100-A:11, RSA 100-A:19-b, and RSA
15 21-I:30 relating to retirement qualifications and calculation of benefits for group II members, any
16 group II member not in vested status on July 1, 2011 shall be subject to the transition provisions of
17 this section for years of service required for regular service retirement, the minimum age for regular
18 service retirement, and the multiplier used to calculate the retirement annuity, which shall be
19 applicable on July 1, 2011 according to the following table:

<u>Creditable service</u>	<u>Minimum years of service</u>	<u>Minimum age attained</u>	<u>Annuity multiplier</u>
<u>on July 1, 2011</u>			
(1) Less than 4 years	24	age 49	2.1%
(2) At least 4 years but less than 6 years	23	age 48	2.2%
(3) At least 6 years but less than 8 years	22	age 47	2.3%
(4) At least 8 years but less than 10 years	21	age 46	2.4%

29 18 Financing; Contribution Rates; Group II Member Payroll Deduction. Amend RSA 100-A:16,
30 I(a) to read as follows:

31 (a) The member annuity savings fund shall be a fund in which shall be accumulated the
32 contributions deducted from the compensation of members to provide for their member annuities
33 together with any amounts transferred thereto from a similar fund under one or more of the
34 predecessor systems. Such contribution shall be, for each member, dependent upon the member's
35 employment classification at the rate determined in accordance with the following table:

36 ~~[Employees of employers other than the state 5.00~~

37 ~~Employees of the state hired on or before June 30, 2009 5.00~~

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1 ~~Employees of the state hired after June 30, 2009 7.00~~

2 ~~Teachers 5.00~~

3 ~~Permanent Policemen 9.30~~

4 ~~Permanent Firemen 9.30]~~

5 **Group I members, 7.00**

6 **Group II permanent fireman members, 11.80**

7 **Group II permanent police members, 11.55**

8 The board of trustees shall certify to the proper authority or officer responsible for making up the
9 payroll of each employer, and such authority or officer shall cause to be deducted from the
10 compensation of each member, except group II members *who are in vested status before July 1,*
11 *2011* with creditable service in excess of 40 years *or group II members who are not in vested*
12 *status on July 1, 2011 with creditable service in excess of 25 years*, as provided in RSA 100-
13 A:5, II(b) and RSA 100-A:6, II(b), on each and every payroll of such employer for each and every
14 payroll period, the percentage of earnable compensation applicable to such member. No deduction
15 from earnable compensation under this paragraph shall apply to any group II member *who is in*
16 *vested status before July 1, 2011* with creditable service in excess of 40 years, *or group II*
17 *member who is not in vested status on July 1, 2011 with creditable service in excess of 25*
18 *years*, as provided in RSA 100-A:5, II(b) and RSA 100-A:6, II(b), and this provision for such members
19 shall not affect the method of determining average final compensation as provided in RSA 100-A:1,
20 XVIII. In determining the amount earnable by a member in a payroll period, the board may consider
21 the rate of compensation payable to such member on the first day of a payroll period as continuing
22 throughout the payroll period and it may omit deduction from compensation for any period less than
23 a full payroll period if such person was not a member on the first day of the payroll period, and to
24 facilitate the making of deductions it may modify the deduction required of any member by such an
25 amount as shall not exceed 1/10 of one percent of the annual earnable compensation upon the basis
26 of which such deduction is made. The amounts deducted shall be reported to the board of trustees.
27 Each of such amounts, when deducted, shall be paid to the retirement system at such times as may
28 be designated by the board of trustees and credited to the individual account, in the member annuity
29 savings fund, of the member from whose compensation the deduction was made.

30 19 Retirement System; Recalculation of Employer Rates; Recertification. Notwithstanding the
31 notice requirements of RSA 100-A:16, III, the board of trustees of the retirement system shall
32 recalculate employer contribution rates for the state fiscal years 2012 and 2013 to reflect the
33 requirements of RSA 100-A as amended by this act. Notwithstanding the notice requirements of
34 RSA 100-A:16, III, such employer contribution rates shall be effective for the biennium beginning
35 July 1, 2011, and the recertification of employer contribution percentages, applicable beginning July
36 1, 2011, shall be provided to each employer within a reasonable period of time not to exceed 30 days
37 from the effective date of this section. The exception to the notice requirements of RSA 100-A:16, III

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1 in this section shall be limited to the applicable employer contribution rates for the biennium
2 beginning July 1, 2011.

3 20 New Section; Retirement System; Return to Work. Amend RSA 100-A by inserting after
4 section 27 the following new section:

5 100-A:27-a Return to Work; Suspension of Benefits. Beginning July 1, 2011, no person for
6 whom membership in the retirement system is optional under RSA 100-A:3, I, and no person
7 employed by an employer on a full- or part-time basis or as a consultant for longer than 3 months in
8 a year, may concurrently receive benefits under this chapter as a retired member. Benefits shall be
9 suspended during any such period of employment.

10 21 Repeal. 2002, 137:7, relative to the application of the repeal of former RSA 100-A:3, I(c), is
11 repealed.

12 22 Retirement System; Administration; Membership of Board. Amend RSA 100-A:14, I to read
13 as follows:

14 I. The administration of this system is vested in a board of [14] **13** trustees. Each newly
15 appointed or reappointed trustee shall have familiarity with or experience in finance or business
16 management. The state treasurer shall be an ex officio voting member of the board. The governor
17 and council shall appoint [2] **4** trustees, to be known as non-member trustees, who shall be qualified
18 persons with investment and/or financial experience as provided in this paragraph and not be
19 members of the system, and who shall serve for a term of 2 years and until their successors are
20 appointed and qualified. The non-member trustees of the board shall have substantial experience in
21 the field of institutional investment or finance, taking into account factors such as educational
22 background, business experience, and professional licensure and designations. The original
23 appointment of [one] **2** of the non-member trustees shall be for a term of one year. The remaining
24 [~~11~~] **8** members of the board shall consist of [~~2 employees, 2 teachers, 2 permanent policemen, 2~~
25 ~~permanent firemen, one member of the senate who shall be appointed annually by the senate~~
26 ~~president, one member of the house of representatives who serves on the executive departments and~~
27 ~~administration committee and who shall be appointed annually by the speaker of the house, and one~~
28 ~~person representing management in local government. Whenever a vacancy occurs, the senate~~
29 ~~president or the speaker of the house shall fill the vacancy in the same manner by appointing a~~
30 ~~senate or a house member who shall serve for the unexpired term.] **4 member representatives and**
31 **4 employer representatives.** The New Hampshire state employees' association, the
32 New Hampshire education association, the New Hampshire police association, **and** the
33 New Hampshire state permanent firemen's association, [~~and the New Hampshire Local Government~~
34 ~~Center]~~ shall each annually nominate from their members a panel of 5 persons, [~~all of whom except~~
35 ~~for the panel of the Local Government Center shall be active members of the retirement system, or~~
36 ~~one of the 4 predecessor systems,]~~ no later than May 31 of each year, and the panels so named shall
37 be filed with the secretary of state no later than June 10 of each year. From [~~each of~~] the above~~

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1 named panels, the governor and council shall appoint [~~one person annually to~~] *the active member*
2 *representatives of the board* [~~, except for the panel of the Local Government Center, which shall~~
3 ~~have one person appointed every 2 years]~~ *as needed so as to maintain the representation on the*
4 *board. The governor and council shall appoint the employer representatives of the board*
5 *with the advice of employer organizations.* Members appointed to the board in the manner
6 aforesaid shall serve for a term of 2 years. Each member so appointed shall hold office until his or
7 her successor shall be appointed and qualified. Whenever a vacancy occurs, the governor and council
8 shall fill the vacancy by appointing a member who shall serve for the unexpired term [~~from the same~~
9 ~~panel from which the former member was appointed~~]. The governor shall designate one of the non-
10 member trustees to serve as chairman of said board of trustees.

11 23 Application; Board of Trustees Membership. Members of the board of trustees for the
12 retirement system on the effective date of this section shall serve for the remainder of their terms.
13 In order to conform to changes to the retirement system board of trustees made by this act, upon a
14 vacancy occurring in the membership on the board of trustees after the effective date of this section,
15 the appointment of a trustee shall be made to reasonably conform to the trustee designations in
16 RSA 100-A:14, I.

17 24 Repeal of Special Account. RSA 100-A:16, II(h)-(j), relative to the special account, are
18 repealed.

19 25 Transfer of Balance of Special Account. Any funds remaining in the special account on the
20 effective date of the repeal of the special account by this act shall be transferred to the respective
21 components of the state annuity accumulation fund.

22 26 Definition of Terminal Funding. Amend RSA 100-A:1, XXX to read as follows:

23 XXX. "Terminal funding" shall mean providing the full present value of the total liability for
24 benefit improvement. [~~Unless otherwise specified, the source of terminal funding shall be the special~~
25 ~~account established under RSA 100-A:16, II(h).~~]

26 27 Benefits Upon Death After Retirement; References to Special Account. Amend RSA 100-
27 A:12, I-a and II to read as follows:

28 I-a. In addition to any other provision of this section, upon the death of a retired group II
29 member of the New Hampshire retirement system or any predecessor system, who retired pursuant
30 to RSA 100-A:5, II with at least 20 years of creditable service or pursuant to RSA 100-A:6, II(a) prior
31 to April 1, 1987, there shall be paid to the member's spouse at the time of retirement, if surviving, an
32 allowance to continue until the spouse's death or remarriage equal to 50 percent of the service or
33 ordinary disability retirement allowance payable to the retired member prior to the member's death.
34 The total cost of terminally funding the benefits provided by this paragraph shall be funded from the
35 [~~special account established under RSA 100-A:16, II(h)~~] *state annuity accumulation fund.*

36 II. Upon the death of a group II member who has retired on or after April 1, 1987, or upon
37 the death of a group II member who has filed an application for retirement benefits with the board of

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1 trustees after January 1, 1991, there shall be paid to the person nominated by the member by
2 written designation filed with the board, if living, otherwise to the retired member's estate, in
3 addition to the amount payable under RSA 100-A:11 a lump sum of \$3,600 if the member retired
4 before July 1, 1988, and if the member is married on the date of such member's retirement, there
5 shall be paid to such surviving spouse an allowance to continue until the spouse's death or
6 remarriage equal to 50 percent of the member's service, ordinary disability, or accidental disability
7 retirement allowance payments. For any person who is a group II member as of June 30, 1988, and
8 who retires on or after July 1, 1988, the lump sum payment shall be \$10,000. For any person who
9 becomes a member of group II on or after July 1, 1988, and on or prior to July 1, 1993, the lump sum
10 payment shall be \$3,600. It is the intent of the legislature that future group II members shall be
11 included only if the total cost of such inclusion can be *terminally* funded [~~by reimbursement from~~
12 ~~the special account established under RSA 100-A:16, II(h)~~].

13 28 Supplemental Allowance; Reference to Special Account. Amend RSA 100-A:41-a, III to read
14 as follows:

15 III.(a) The payment of any such supplemental allowance shall be contingent on terminal
16 funding of the total actuarial cost thereof. [~~Such terminal funding shall be from the special account~~
17 ~~established under RSA 100-A:16, II(h)~~].

18 (b) [~~No supplemental allowance shall reduce the funds in the respective component of~~
19 ~~the special account to an amount less than zero.~~

20 (e) Cost of living adjustments shall be retroactive to the member's eligibility date
21 pursuant to paragraph I.

22 29 Management of Funds; Investment Committee. Amend RSA 100-A:15, I to read as follows:

23 I. The members of the board of trustees shall be the trustees of the several funds created
24 hereby and shall set the investment policy relative to those funds. The independent investment
25 committee shall have full power to invest and reinvest such funds in accordance with the policy set
26 by the board. The board of trustees *and the members of the independent investment committee*
27 shall have the powers, privileges, and immunities of a corporation. The independent investment
28 committee shall have full power to hold, purchase, sell, assign, transfer, and dispose of any of the
29 securities and investments in which any of the funds created hereby have been invested, as well as
30 the proceeds of such investments in accordance with the policy set by the board. All of the assets and
31 proceeds, and income therefrom, of the New Hampshire retirement system, and all contributions and
32 payments made thereto, shall be held, invested, or disbursed in trust.

33 30 Independent Investment Committee Amend RSA 100-A:15, IX to read as follows:

34 IX. The non-trustee members of the independent investment committee shall be afforded the
35 same liability insurance [~~and~~], indemnification, *and statutory protections* as board members.

36 31 New Section; Retirement System; Construction of Provisions; Member Acknowledgement.
37 Amend RSA 100-A by inserting after section 1 the following new section:

Amendment to HB 580-FN-LOCAL
- Page 15 -

1 100-A:1-a Construction of Provisions; Member Acknowledgement.

2 I. The benefits provided under this chapter shall not be construed to constitute a binding
3 contractual obligation with respect to members and may be modified or discontinued by the adoption
4 of appropriate legislation.

5 II. Every employer shall keep on file for each member commencing service after June 30
6 2011 a statement of the employee's, teacher's, policeman's, or fireman's acknowledgement of the
7 provisions of paragraph I of this section.

8 32 New Paragraph; Public Employee Labor Relations; Status Quo; Authority of Employer.
9 Amend RSA 273-A:11 by inserting after paragraph II the following new paragraph:

10 III. Following the end of the term of a collective bargaining agreement and during any
11 period of negotiation, the status quo shall be maintained as to the wages, hours, and conditions of
12 employment of employees in good standing. Except where required by statute, the continuation,
13 after the expiration of the agreement, of the provision of any medical, dental, and life insurance
14 benefits, retirement or pension benefits, and any other fringe benefits, shall be subject to the
15 exclusive authority of the public employer.

16 33 New Section; Department of Administrative Services; State Employee Refusal of Benefits
17 Program. Amend RSA 21-I by inserting after section 43-a the following new section:

18 21-I:43-b State Employee Refusal of Benefits Program.

19 I. The commissioner of the department of administrative services shall establish and
20 administer a program which shall allow a permanent full-time state employee to refuse his or her
21 rights as a state employee to receive state medical, dental, and retirement benefits in order to
22 instead receive an increase in his or her base salary or wage.

23 II. The department shall develop forms, establish procedures, and adopt rules for
24 administering the program established by this section. The forms shall include specific notice of the
25 details of the benefits refused by the election of a state employee under this section. Any such
26 election shall be required to be signed and dated by the state employee.

27 III. A permanent full-time state employee paid through the office of the state treasurer shall
28 be eligible to refuse state employee benefits as described in paragraph I. Upon verification by the
29 department of the state employee's refusal of employment benefits, the state employee shall be
30 granted an increase of 25 percent of his or her base salary or wage, excluding pay related to
31 overtime, unused vacation time, unused sick time, longevity pay, or other compensation not deemed
32 by the department to be base salary or wages, to be paid on regular pay schedule for employment
33 during good standing.

34 IV. The election to refuse state employment benefits for an increase in base salary or wages
35 shall only be available to a permanent full-time state employee who first commenced service with the
36 state on or after July 1, 2004.

37 V. The source of funds for the payment of the increase of 25 percent for a state employee

Amendment to HB 580-FN-LOCAL
- Page 16 -

1 electing to refuse state employment benefits under this section shall be the employee and retiree
2 benefit risk management fund established in RSA 21-I:30-e.

3 34 Severability; Contingent Amendment; Effective Date.

4 I. The provisions of this act making various amendments concerning the New Hampshire
5 retirement system shall be severable and if any phrase, clause, sentence or provision of this act is
6 declared to be contrary to the constitution of this state or of the United States or the applicability
7 thereof to any government, agency, person, or circumstance is held invalid, the validity of the
8 remainder of this act and the applicability thereof to any government, agency, person, or
9 circumstance shall not be affected thereby.

10 II. If as provided in paragraph I of this section, any phrase, clause, sentence, or provision is
11 held contrary to the constitution of this state or of the United States, the remaining provisions of the
12 act shall be in full force and effect as to all severable matters, and section 35 of this act shall take
13 effect on the July 1 next following the date that the board of trustees certifies to the secretary of
14 state and the director of legislative services of the occurrence of a final ruling on the declaration
15 described in paragraph I.

16 35 Member Contribution Rates; Contingent Version. Repeal and reenact the introductory
17 paragraph of RSA 100-A:16, I(a) and the contribution rates following the introductory paragraph to
18 read as follows:

19 (a) The member annuity savings fund shall be a fund in which shall be accumulated the
20 contributions deducted from the compensation of members to provide for their member annuities
21 together with any amounts transferred thereto from a similar fund under one or more of the
22 predecessor systems. Such contribution shall be, for each member, the rate percent of each
23 member's compensation as determined by the retirement system which shall by annual total
24 represent 50 percent of the normal contribution and accrued liability contribution determined under
25 paragraph II.

26 36 Study Committee Established; Voluntary Defined Contribution Plan. There is established a
27 committee to study the establishment of a federal tax qualified voluntary defined contribution plan.

28 I. The members of the committee shall be as follows:

29 (a) Three members of the senate, who shall be from the executive departments and
30 administration committee, appointed by the president of the senate.

31 (b) Three members of the house of representatives, each of whom shall be from the
32 special committee on public employee pensions reform, appointed by the speaker of the house of
33 representatives.

34 II. Members of the committee shall receive mileage at the legislative rate when attending to
35 the duties of the committee.

36 III. The members of the study committee shall elect a chairperson from among the members.
37 The first meeting of the committee shall be called by the first-named house member. The first

Amendment to HB 580-FN-LOCAL

- Page 17 -

1 meeting of the committee shall be held within 45 days of the effective date of this section. Four
2 members of the committee shall constitute a quorum.

3 IV. The committee shall report its findings and any recommendations for proposed
4 legislation to the president of the senate, the speaker of the house of representatives, the senate
5 clerk, the house clerk, the governor, and the state library on or before November 1, 2011.

6 37 Repeal. RSA 100-A:41-d, relative to additional temporary supplemental allowances, is
7 repealed.

8 38 Effective Date.

9 I. Section 35 of this act shall take effect as provided in section 34 of this act.

10 II. The remainder of this act shall take effect July 1, 2011.

2011-1174h

AMENDED ANALYSIS

This bill makes various changes to the state retirement system including:

I. Increasing retirement ages of group I and group II members for service retirement, disability retirement, vested deferred retirement, and split benefits.

II. Changing the definitions of earnable compensation and average final compensation used in calculating retirement benefits.

III. Changing the composition of the board of trustees.

IV. Eliminating the special account.

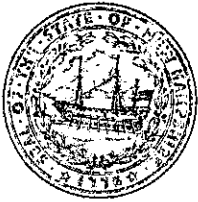
V. Increasing contribution rates.

VI. Establishing a committee to study the establishment of a voluntary defined contribution plan.

VII. Prohibiting a member in service from concurrently receiving benefits.

This bill also establishes a program allowing a state employee to refuse his or her rights as a state employee to receive state medical, dental, and retirement benefits in order to instead receive an increase in his or her base salary or wage; and provides that after the end of a collective bargaining agreement, the public employer has exclusive authority for continuation of benefits.

Committee Minutes



STATE OF NEW HAMPSHIRE

HOUSE OF REPRESENTATIVES

Office of the Speaker

MEMORANDUM

TO: Honorable Thomas W. Laware
FROM: House Speaker William L. O'Brien *WLO*
DATE: March 23, 2011
RE: Special Committee on Public Employee Pensions Reform

Please be advised of your appointment to the Special Committee on Public Employee Pensions Reform, effective immediately. This appointment will fill the vacancy left by Representative William J. Infantine, who respectfully asked to be replaced.

I appreciate your willingness to serve in this capacity.

WLO/sg

cc: House Majority Leader David J. Bettencourt
House Democratic Leader Terie Norelli
✓ Representative Ken Hawkins, Committee Chair
Representative William J. Infantine
House Clerk Karen O. Wadsworth




STATE OF NEW HAMPSHIRE

HOUSE OF REPRESENTATIVES

Office of the Speaker

MEMORANDUM

TO: Karen O. Wadsworth, House Clerk
FROM: Speaker William L. O'Brien 
DATE: March 23, 2011
RE: Temporary Committee Assignment

Please be advised that Rep. JR Hoell will be temporarily appointed to the Special Committee on Public Employee Pensions Reform to replace Rep. James Waddell for Thursday, March 24, 2011.

WOB/bll

cc: House Majority Leader David J. Bettencourt
House Minority Leader Terie Norelli
Rep. Ken Hawkins, Committee Chair
✓ Rep. JR Hoell

Rep J R Howell

Speakers

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 583-FN-L Date March 4, 2011
 Committee Public Employee Pensions Reform

** Please Print All Information **

Name	Address	Phone	Representing	(check one)	
				Pro	Con
Jeff Hamant	Bedford				<input checked="" type="checkbox"/>
Bob Granite	Goffstown		MPD		<input checked="" type="checkbox"/>
Ken Chamberlain	Auburn		MPD		<input checked="" type="checkbox"/>
Richard Brennan	Hooksett		MPD		<input checked="" type="checkbox"/>
Stephen Co Co	Bedford		MPA		<input checked="" type="checkbox"/>
Rich FTI	Manchester		MPA		<input checked="" type="checkbox"/>
DANIEL RIVARD	Goffstown		MPD		<input checked="" type="checkbox"/>
PATRICK SKERR	Manchester		MPD		<input checked="" type="checkbox"/>
Christopher Lusk	Manchester		MPD		<input checked="" type="checkbox"/>
Brian Karoul	Londonderry		MPD		<input checked="" type="checkbox"/>
John Patti	Hooksett		MPD		<input checked="" type="checkbox"/>
Patricia Major	Manchester		MPA		<input checked="" type="checkbox"/>
TODD LESHNEY	Goffstown		MPA		<input checked="" type="checkbox"/>
Chad Tennis	Manchester				<input checked="" type="checkbox"/>
Peter Boylan	Norshun				<input checked="" type="checkbox"/>
Mark Harrington	Derry		MPA		<input checked="" type="checkbox"/>
Paul Frazel	Bedford		MPA		<input checked="" type="checkbox"/>
Chris P Day	Hooksett		MPA		<input checked="" type="checkbox"/>
Debra Sullivan	Manchester		HFID		<input checked="" type="checkbox"/>
Wm. Desmar	Hooksett		MPA		<input checked="" type="checkbox"/>
Steven Lyons	219 New Boston Rd, Bedford NH				<input checked="" type="checkbox"/>
BRIAN CALDWELL	Bedford, NH		MANCHESTER PD		<input checked="" type="checkbox"/>
Mark B. Under	Manchester		MPD		<input checked="" type="checkbox"/>

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # _____ Date _____

Committee _____

** Please Print All Information **

Name	Address	Phone	Representing	(check one)	
				Pro	Con
Mark Dinos	308 Beacon Hill Rd Pembroke	224-0123	Vogel		<input checked="" type="checkbox"/>
Shawn McCabe	60 Juniper Dr. Goffstown	234-7200			<input checked="" type="checkbox"/>
Justin Beaton	Manchester		MPPA		<input checked="" type="checkbox"/>
Brian Riel	Pembroke		MPPA		<input checked="" type="checkbox"/>
Kevin Deane	Goffstown	384-2064	MPPA		<input checked="" type="checkbox"/>
Chris Sanders	Concord		MPPA		<input checked="" type="checkbox"/>
Adam Kozlowski	Stratford		Pudsmouth PD		<input checked="" type="checkbox"/>
Bobbie Kozlowski	Stratford				<input checked="" type="checkbox"/>
Matt Keller	Hudson		HPCA		<input checked="" type="checkbox"/>
Timothy in Gray	34 Ives Gile Rd. Salem NH	854-4501	MPPA		<input checked="" type="checkbox"/>
Diana Foyt	Portsmouth		City of Portsmouth	<input checked="" type="checkbox"/>	
William Lopez	Deerfield		PFFNH		<input checked="" type="checkbox"/>
Jacob Tyler	Pembroke		MPPA		<input checked="" type="checkbox"/>
JOHN AMRAL					
George Fryer	Pembroke		Believe		<input checked="" type="checkbox"/>
Dennis Kimm	Manchester		Self		<input checked="" type="checkbox"/>
Sandy AmLaw	Hudson		Self		<input checked="" type="checkbox"/>
William McDULLEN			PFFNH		<input checked="" type="checkbox"/>
Laura Hainey			AFT-UIH		<input checked="" type="checkbox"/>
Ann Smith	Hackett		Self		<input checked="" type="checkbox"/>
Bob Blaisdell	NH Trappers Association				<input checked="" type="checkbox"/>
Jim Devo	NH Police Association				<input checked="" type="checkbox"/>
Jeff Golz	Hills 8				<input checked="" type="checkbox"/>

580

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # _____ Date _____

Committee _____

** Please Print All Information **

Name	Address	Phone	Representing	(check one)	
				Pro	Con
REP PATRICK GARRITY	HILLS DIST.	14			X
Rep. Timothy Horrigan			Stratford 7		✓
HENRY GOOPE	CONCORD NH		CITIZEN		✓
MARY ANN McKEELAND	CONCORD		CITIZEN		✓
Leo A McKeeland	CONCORD		Retired		✓
Hester Langh	SUTTON				✓
GERALD KNIGHT	LACONIA				X
Sackie League	CONCORD				✓
Linda Romanello	278 Alexander Dr		MAREA		✓
Wendy Tetrault	51 Roberts Rd.		WAREA		✓
Shirley Belisle	430 Lovell St 4 in Dover, MA		NHREA		✓
Mary Boland	57 N. Broadway Dr 3 in N. J.		NHREA		✓
Patry Somma	13 David Dr.		Pelham NH		✓
ALAN ZEMBRUSKI	(MORNINGSIDE CT.		SALEM NH NHREA		
Joe Dufik	156 Husc. Rd.		MANCHESTER		✓
Maribel Wheeler	194 Hoyt Rd		CONCORD NH 03301		✓
Kendi Farny	16 Douglas Ave		CONCORD NH 03303		✓
Margaret Doyle	57 Hampden St		MERRIMAN NH 01844		✓
Glenda Schubert	63 Mantle St.		Methuen, MA NHREA		✓
Sylvia Hartmann	45 Windsor Ave		Manchester NH NHREA		✓
Ted R. Neff	23 NORTH RIVER LAKE RD		NOTTINGHAM SELF		✓
Cindy Brown	57 Riverview Ln		Coudon NH State Emp.		✓
JIM McDONOUGH	20 AUBURN RD		WOLFEBORO 6236876 SELF		✓

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # 580 Date 3/4/2011

Committee _____

** Please Print All Information **

Name	Address	Phone	Representing	(check one)	
				Pro	Con
Carol Waite	118 EASTSIDE DR.	225-2481	self		✓
Donald Rapp	214 East Side Dr	225-6927	self		✓
Patricia Andruschuk	106 Waverly St	608-8210	self		✓
Maureen Tessier	490 North River Road	622-5155	self		✓
Diane Turner	490 No River Road	622-5155	self		✓
Robert Lyon	98 1/2 R3 129 LONDON	433-7640			✓
Michele Brun	294 STARK AVE N., DUNBARTON	774-4121			✓
Timothy Decker	506 E. High St. Manchester	603-230			✓
Garnet Tenaud	3 Charles St. Kenosha	733-4704	ATTN/NA		✓
Aphrodite Papayogiannis	52 Amherst Rd, Bedford, NH	972-5109	self		✓
Charles J. Tibbitts	41 Roslyn Ave Waveren, NH	03278			✓
Elaine Bianchi-Buch	29 PONDIC BROOK RA ALTON BAY NH	03870			✓
Janet Coughlin	67 Merrill Rd Goffstown NH	03045			✓
Ernest Mercier	13 Herrick St, Nashua NH	07060			✓
Levy Soripara					✓
Richard Howard	313 Ash St	03104			✓
William Perron	PO Box 196 Valpole	03604			✓
JUDY BENNETT	255 BENNETT ST, PANDORA	03264			✓
Jacqueline Cleary	138 City Rd Westmoreland	399-4355	Cheshire Co. Retired Educ.		✓
Margaret Ryzak	188 Pulpit Rd Bedford	5716	self		✓
Priscilla Emerson	418 Hudson Rd Canterbury	603-783-4403	self		✓
Kewal Tainey	1061 7293 AFT-UIT		BAW		X
Dennis Mox	15 Edwinye Dr Bedford	NH 03110			✓

590

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # _____ Date _____

Committee _____

** Please Print All Information **

Name	Address	Phone	Representing	(check one)	
				Pro	Con
Kevin Lawin	44 Lexington ⁰³⁰⁵¹ Ct	578-0464			✓
Linda Lawin	44 Lexington Ct	578-0468			✓
Pauline G. Desautels	24 Carroll St	889-6437			✓
Peter F. Desautels	24 Carroll St	889-6437			✓
Judith Cali	9 Craigway Melvin Village	544-2249			✓
Patrick Skerry	Manchester				✓
Eric Ferrer	240 Shaker Pt Northfield	286-8689			✓
Anne Pickard	68 Merril Rd	Goffstown			✓
Tom Gilgall	16 Brookview Dr	Pelham			✓
Stanley Stoncius	4 Sergeant Ave.	Norhams, NH			✓
Bartana Okam	90 River St	Franklin NH 03035			✓
Phyllis Dowd	313 Ash St	Manchester			✓
William Cleary	230 E. Main	Manchester			✓
William Cleary	138 Bsty Rd	Westford NH 03467			✓
Edward Rasmussen	51 Warej Rd.	Luton NH 03307	Self		✓
Janine & Janine	4122 Mammoth Rd.	Londonderry			✓
John					
Ann Walker	6 Cleveland Dr.	Pots. NH 03809	self		✓
GAIL LAKE-PHELPS	111 BURN HILL RD	CHICHESTER NH	self		✓
DANNY CAULLE	41 Sunnyside	Manchester	SELF		✓
ALISON CUMMINGS	6 BINGSTON WAY	HUDSON NH			✓
PATRICIA MESTRIVIER	7 BROADVIEW DR	LITCHFIELD NH			✓
JOHN AMROD					X

580

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # _____ Date _____

Committee _____

** Please Print All Information **

Name	Address	Phone	Representing	(check one)	
				Pro	Con
Edward Prevost	13 Quail St	224-7863	self		✓
Barbara Bell	45 ^{Concord} Perley St Concord	224-9406	retired		✓
Tom Tottle	3 Canterbury Rd	Chichester	self		✓
Jillie Robinson	51 Lovejoy Rd	Londra	self		✓
Jan J. Hette	13 Highland St	Concord	self		✓
Janet Harris	3 Rollins Farm Rd	Stratham	self		✓
Kimberly Kelleher	42 Orchard St	Lacoma NH	self		✓
DRAN CALDWELL	BEDFORD, NH	MANCHESTER PD			X
Timothy Gray	34 Ivan Gile Rd	Salem NH	Self		X
Kevin Riley	Reading, MA	Hudson PD			✓
Matthew D. Bartr	332 N. Hooking	Salem NH	self		✓
Bruce Thayer	100 Tuffenboro Neck Rd	Mirror Lake NH	self		✓
Pam Thayer	100 Tuffenboro Nick Rd	Mirror Lake NH	self		✓
Dennis Johnson	Manchester NH		self		✓
John Mirabella	31 Pinehurst Rd.	NH	Hudson PD		X
MICHAEL BEDFORD	FERBYCKE NH				X
CD Don O'Brien	Manchester NH				X
ROLAND STODOLY	CHARLESTOWN	REA/NH			X
Richard Phelps	Chichester		self		X
Joe Maccaroni	Londrondony		AFSCME		X
PAUL J. PARRISH	SALEM	231-1102			X
MARK JOUCE	NH Sch. Adm. Assoc	225-3230			X
Sandy Felicon	56 Fairgrounds Rd	Bradford NH			X

Hearing Minutes

HOUSE SPECIAL COMMITTEE ON PUBLIC EMPLOYEE PENSIONS REFORM

PUBLIC HEARING ON HB 580-FN-L

BILL TITLE: relative to the New Hampshire retirement system.

DATE: March 4, 2011

LOB ROOM: Reps. Hall **Time Public Hearing Called to Order:** 1:00 p.m.

Time Adjourned:

(please circle if present)

Committee Members: Reps. ~~Hawkins, Sedensky, Winter, Shuler, W. Smith, Moran, Infantine, Kurk, Avaro, Cohn, Waddell, Bowers, Shurtleff, Baroody, Long and D. Sullivan~~

Bill Sponsors: Rep. Kurk, Hills 7; Rep. Hawkins, Hills 18; Sen. White, Dist 9

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

1. **Rep. Neal Kurk – Introduced Amendment 2011-0601h to HB 580 – SUPPORTS**

He gave the reasons that the pension fund is in trouble and the fact that if nothing is done, the pension system fund will collapse. States cannot go bankrupt at this time. But Congress is looking at options in this area. He then went through the salient points of this new amendment. Questions indicated that the \$25M previously removed from the fund was negotiated. Rep. Kurk agreed with that assessment.

2. **Marty Karlon – INFORMATIONAL TESTIMONY FOR THE NHRS**

Fiscal data is available (?)

3. **Rick Trombly – NEA NH – OPPOSED**

We heard the same arguments 20 years ago. The system won't fail soon. Take time to study. Special accounts were pushed by the legislature to avoid paying for COLA. (No mention of the Special account for the retiree health benefit. Employees aren't the problem – don't punish them.

4. **Arthur Beaudry – NH SPFFRA (firefighters) – OPPOSED**

It is illegal to change current employees' retirement formula. Changes should be for new hires only. The special account was not created by employees – shouldn't be punished for problem created by others. Employees expected the health benefit to increase with COLA. (??)

5. Laura Hainey – AFT NH – OPPOSED

Board of Trustees should stay with current makeup; they have fiduciary duty to employees. Representatives and Senators should not be on the board due to sovereign immunity plus a conflict of interest (as taxpayers and beneficiaries).

6. Diana Lacey – SEA NH – OPPOSED

The retirement system coalition has put forth their own approach – Go after corporate loopholes. The legislature didn't have courage for 20 years. It should take from people who can afford it. We need an income tax; unfunded liability should be called debt and should be repaid by taxpayers, not employees; employee opt out for 25% is not a solution; 5,000 employees are non-vested; there already is a defined contribution plan.

7. Barbara Read – NHMA – SOMEWHAT IN SUPPORT

There is no impact on current retirees, thus there is no incentive for rush to door. This bill has a meaningful financial impact.

8. Richard Crate – NH Chiefs of Police – OPPOSES BUT WANTS TO HELP

The Chiefs of Police support a number of the initiatives in the bill but only for newly hired employees, including raise the contribution 1% for each of the next two years.

9. Everett Macken – Self – OPPOSES

He could retire in just a few years if he had stayed as a police officer in New York. He came here thinking he could do the same here.

10. Sandy Amlaw – Self – OPPOSES

Think of the teachers, the bus drivers, the police, the staffs. Don't cut off the benefits.

11. Brian Karal – Self – TESTIFIER LEFT BEFORE TESTIFYING

12. Bradley Parker – Self – OPPOSES

Think of "reasonable expectations".

13. Koulet Kimon – Self – OPPOSES

Today's retirement benefit will erode over the years to be a pittance. He suggests that members be allowed to remove their contributed funds, matched from the employer's contribution. He would rather invest it himself.

14. Timothy Crag – Self – OPPOSES

Missed this testimony. Had to leave the room.

15. Ann Smith - Self - OPPOSES

She talked about the job she used to do before she retired and then what she did when she returned to work in a similar job. She was a part time retiree. She had a full time job which was eliminated when she came back. Unable to determine relevancy.

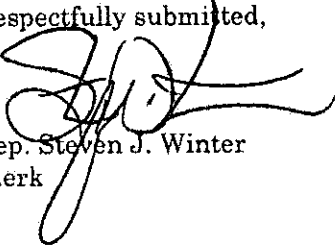
16. Dianne Schuett - Self - OPPOSED

She feels that the retirees are being asked to pay for the mistakes of others. She had counted on the benefits that were to be there when she retired.

17. Barbara Olsen - Self - OPPOSED

18. Marc Tessier - Self - OPPOSED

Respectfully submitted,


Rep. Steven J. Winter
Clerk

HOUSE SPECIAL COMMITTEE ON PUBLIC EMPLOYEE PENSIONS REFORM

PUBLIC HEARING ON HB 580-FN-L

BILL TITLE: relative to the New Hampshire retirement system.

DATE: March 4, 2011

LOB ROOM: Reps. Hall **Time Public Hearing Called to Order:** 1:00 p.m.

Time Adjourned:

(please circle if present)

Committee Members: Reps. ~~Hawkins, Sedensky, Winter, Shuler, W. Smith, Moran, Infantine, Kurk, Avarado, Cohn, Waddell, Bowers, Shurtleff, Baroody, Long and D. Sullivan.~~

Bill Sponsors: Rep. Kurk, Hills 7; Rep. Hawkins, Hills 18; Sen. White, Dist 9

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

SPECIAL COMMITTEE ON RETIREMENT REFORM

HOUSE BILL 580-FN-L

TESTIMONY ON MARCH 4, 2011

1. Rep. Neal Kurk – Introduced Amendment 2011-0601h to HB 580 – SUPPORTS

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We heard the same arguments 20 years ago. The system won't fail soon. Take time to study. Special accounts were pushed by the legislature to avoid paying for COLA. (No mention of the Special account for the retiree health benefit. Employees aren't the problem – don't punish them.

4. Arthur Beaudry – NH SPFFRA (firefighters) – OPPOSED

It is illegal to change current employees' retirement formula. Changes should be for new hires only. The special account was not created by employees – shouldn't be punished for problem created by others. Employees expected the health benefit to increase with COLA. (??)

5. Laura Hainey – AFT NH – OPPOSED

Board of Trustees should stay with current makeup; they have fiduciary duty to employees. Representatives and Senators should not be on the board due to sovereign immunity plus a conflict of interest (as taxpayers and beneficiaries).

6. Diana Lacey – SEA NH – OPPOSED

The retirement system coalition has put forth their own approach – Go after corporate loopholes. The legislature didn't have courage for 20 years. It should take from people who can afford it;. We need an income tax; unfunded liability should be called debt

and should be repaid by taxpayers, not employees; employee opt out for 25% is not a solution; 5,000 employees are non-vested; there already is a defined contribution plan.

7. Barbara Read – NHMA – SOMEWHAT IN SUPPORT

There is no impact on current retirees, thus there is no incentive for rush to door. This bill has a meaningful financial impact.

8. Richard Crate – NH Chief's of Police – OPPOSES BUT WANTS TO HELP

The Chiefs of Police support a number of the initiatives in the bill but only for newly hired employees, including raise the contribution 1% for each of the next two years.

9. Everett Macken – Self – OPPOSES

He could retire in just a few years if he had stayed as a police officer in New York. He came here thinking he could do the same here.

10. Sandy Amlaw – Self – OPPOSES

Think of the teachers, the bus drivers, the police, the staffs. Don't cut off the benefits.

11. Brian Karal – Self – TESTIFIER LEFT BEFORE TESTIFYING

12. Bradley Parker – Self – OPPOSES

Think of "reasonable expectations".

13. Koulet Kimon – Self – OPPOSES

Today's retirement benefit will erode over the years to be a pittance. He suggests that members be allowed to remove their contributed funds, matched from the employer's contribution. He would rather invest it himself.

14. Timothy Crag – Self – OPPOSES

Missed this testimony. Had to leave the room.

15. Ann Smith – Self – OPPOSES

She talked about the job she used to do before she retired and then what she did when she returned to work in a similar job. She was a part time retiree. She had a full time job which was eliminated when she came back. Unable to determine relevancy.

16. Dianne Schuett – Self – OPPOSED

She feels that the retirees are being asked to pay for the mistakes of others. She had counted on the benefits that were to be there when she retired.

17. Barbara Olsen – Self – OPPOSED

18. Marc Tessier – Self - OPPOSED

Sub-Committee Minutes

HOUSE SPECIAL COMMITTEE ON PUBLIC EMPLOYEE PENSIONS REFORM

SUBCOMMITTEE WORK SESSION ON HB 580-FN-L

BILL TITLE: relative to the New Hampshire retirement system.

DATE: March 11, 2011

Subcommittee Members: Reps. Hawkins, Sedensky, Winter, Shuler, W. Smith, Moran, Infantine, Kirk, Avar, Cohn, Waddell, Bowers, Shurtleff, Baroody, Long and D. Sullivan

Comments and Recommendations:

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Respectfully submitted,

Rep. Steven J. Winter
Subcommittee Chairman/Clerk

HOUSE SPECIAL COMMITTEE ON PUBLIC EMPLOYEE PENSIONS REFORM
SUBCOMMITTEE WORK SESSION ON HB 580-FN-L

BILL TITLE: relative to the New Hampshire retirement system.

DATE: March 18, 2011

Subcommittee Members: Reps. Hawkins, Sedensky, Winter, Shuler, W. Smith, Moran, Infantine, Kurk, Avard, Cohn, Waddell, Bowers, Shurtleff, Baroody, Long and D. Sullivan

Comments and Recommendations:

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Respectfully submitted,

Rep.
Subcommittee Chairman/Clerk

HOUSE SPECIAL COMMITTEE ON PUBLIC EMPLOYEE PENSIONS REFORM

SUBCOMMITTEE WORK SESSION ON HB 580-FN-L

BILL TITLE: relative to the New Hampshire retirement system.

DATE: March 22, 2011

Subcommittee Members: Reps. Hawkins, Sedensky, Winter, Shuler, W. Smith, Moran, Infantine, Kirk, Avar, Cohn, Waddel, Bowers, Shurtleff, Baroody, Long and D. Sullivan

Comments and Recommendations:

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Respectfully submitted,

Rep.
Subcommittee Chairman/Clerk

NHRS FY 2010 Membership

Active Members

Retired Members

	<i>Employees</i>	<i>Teachers</i>	<i>Police</i>	<i>Fire</i>	<i>Total</i>		<i>Employees</i>	<i>Teachers</i>	<i>Police</i>	<i>Fire</i>	<i>Total</i>
Total Active Members	25,987	18,603	4,231	1,646	50,467	Beneficiaries	12,802	9,087	2,702	1,254	25,845
Vested	12,204	9,814	1,996	871	24,885	Average Age	70.5	68.5	62.5	65.0	68.7
Non-Vested	13,783	8,789	2,235	775	25,582	Average Annual Pension	\$12,208	\$21,375	\$32,689	\$34,454	\$18,652
Average Age	48.3	45.6	39.1	40.6	46.3						
Average Service	10.2	12.3	10.7	12.6	11.1						
Average Annual Pay	\$42,065	\$54,870	\$61,090	\$66,233	\$49,168						

	<i>Total 2010 Membership</i>	<i>Active</i>	<i>Retired</i>	<i>Vested Deferred</i>	<i>Inactive</i>
		50,467	25,845	1,515	5,677

Source: NHRS website, Plan Administration, Plan Details

inactive: not working in NHRS eligible position; not vested

Provisions in HB 580 with Direct Impact on Pension Calculation – Application to Different Groups of Employees

Shading indicates the application of new provisions to certain categories of employees, affected employees will be required to work more years, pay higher contributions and are likely to have some reduction in pension benefit.

Section references are to HB 580 as introduced; provisions apply to Group I and Group II employees unless otherwise noted

	Current Law	HB 580			
	<i>applies to all employees</i>	<i>Future Hires</i>	<i>Non-Vested Employees as of 7/1/2011</i>	<i>Vested before 7/1/2011 and retire after 7/1/2016</i>	<i>Vested before 7/1/2011 and retire by 7/1/2016</i>
Calculation of Average Final Compensation (AFC) §1	average annual earnable compensation in highest 3 years of service	average annual earnable compensation in highest 5 years of service	average annual earnable compensation in highest 5 years of service	average annual earnable compensation in highest 5 years of service	average annual earnable compensation in highest 3 years of service
Definition of Earnable Compensation §2	the full base rate of compensation paid plus: • overtime pay • holiday and vacation pay	full base rate of compensation paid plus • compensation for mandatory training	full base rate of compensation paid plus • compensation for mandatory training	full base rate of compensation paid plus • compensation for mandatory training	the full base rate of compensation paid plus: • overtime pay • holiday and vacation pay

	Current Law	HB 580			
	<i>applies to all employees</i>	<i>Future Hires</i>	<i>Non-Vested Employees as of 7/1/2011</i>	<i>Vested before 7/1/2011 and retire after 7/1/2016</i>	<i>Vested before 7/1/2011 and retire by 7/1/2016</i>
	<ul style="list-style-type: none"> ◦ sick pay ◦ longevity or severance pay ◦ cost of living bonus ◦ additional pay for extracurricular and instructional activities ◦ other extra or special duty ◦ any military differential pay, plus the fair market value of non-cash compensation <i>but excluding</i> ◦ other compensation except ◦ early retirement incentives ◦ supplemental pay paid by the employer while the member is receiving workers' compensation ◦ teacher development pay 	<ul style="list-style-type: none"> • military differential pay 	<ul style="list-style-type: none"> • military differential pay 	<ul style="list-style-type: none"> • military differential pay 	<ul style="list-style-type: none"> ◦ sick pay ◦ longevity or severance pay ◦ cost of living bonus ◦ additional pay for extracurricular and instructional activities ◦ other extra or special duty ◦ any military differential pay, plus the fair market value of non-cash compensation <i>but excluding</i> ◦ other compensation except ◦ early retirement incentives ◦ supplemental pay paid by the employer while the member is receiving workers' compensation • teacher development pay
<i>Limitation on Earnable Compensation in Final months of service §2</i>	earnable compensation in final 12 months limited to 150% of next highest 12-month period	earnable compensation in final two 12-month periods each limited to 150% of next highest 12-month period	earnable compensation in final two 12-month periods each limited to 150% of next highest 12-month period	earnable compensation in final two 12-month periods each limited to 150% of next highest 12-month period	earnable compensation in final 12 months limited to 150% of next highest 12-month period

	Current Law	HB 580			
	<i>applies to all employees</i>	<i>Future Hires</i>	<i>Non-Vested Employees as of 7/1/2011</i>	<i>Vested before 7/1/2011 and retire after 7/1/2016</i>	<i>Vested before 7/1/2011 and retire by 7/1/2016</i>
Limitation on Compensation paid more than 120 days after termination §2	exception for certain disability related severance and severance paid late at no fault of the employee	no exceptions	no exceptions	no exceptions	exception for certain disability related severance and severance paid late at no fault of the employee
Eligibility, Group I §4 and §15	Age 60, no minimum service	Age 65, no minimum service	Age 65, no minimum service	Change in age phased in for employees vested on 7/1/2011 eligibility at: age 60, if at least 30 years age 61, if 25 but not 30 age 62, if 20 but not 25 age 63 if 15 but not 20 age 64, if 10 but not 15 years of service upon effective date (§15)	Age 60, no minimum service
Group I Benefit Calculation Service Retirement §4	<i>Age 60-64</i> AFC ÷ 60 x years of service <i>Ages 65+</i> AFC ÷ 66 x years of service	<i>Ages 65+</i> AFC ÷ 66 x years of service	<i>Ages 65+</i> AFC ÷ 66 x years of service	<i>Age 60-64</i> AFC ÷ 60 x years of service <i>Ages 65+</i> AFC ÷ 66 x years of service	<i>Age 60-64</i> AFC ÷ 60 x years of service <i>Ages 65+</i> AFC ÷ 66 x years of service
Change in eligibility also applies to Group I: early retirement reductions (§4), ordinary disability retirement (§5), accidental disability retirement (§6), return of vested deferred contribution (§10), split benefits (§11), reduced early retirement split benefits (§12), state retiree health benefit (§13 and 14) <i>Same employees affected</i>					

	Current Law	HB 580			
	<i>applies to all employees</i>	<i>Future Hires</i>	<i>Non-Vested Employees as of 7/1/2011</i>	<i>Vested before 7/1/2011 and retire after 7/1/2016</i>	<i>Vested before 7/1/2011 and retire by 7/1/2016</i>
Eligibility, Group II §4	Age 45; 20 years of service Age 60, no minimum service	Age 50; 25 years of service Age 65, no minimum service	Age 50; 25 years of service Age 65, no minimum service	Age 45; 20 years of service Age 60, no minimum service	Age 45; 20 years of service Age 60, no minimum service
Change in eligibility also applies to Group II: minimum service allowance (§4), ordinary disability retirement (§7), accidental disability retirement (§8), vested deferred (§9), split benefits (§11), reduced early retirement split benefits (§12), state retiree health benefit (§14) <i>Same employees affected</i>					
Group II Benefit Calculation Service Retirement §4	2 ½ % (0.025) x AFC x years of service that does not exceed 40 years	2 % (0.02) x AFC x years of service that does not exceed 50 years	2 % (0.02) x AFC x years of service that does not exceed 50 years	2 ½ % (0.025) x AFC x years of service that does not exceed 40 years	2 ½ % (0.025) x AFC x years of service that does not exceed 40 years
Group II Accidental Disability Limit §8	accidental disability payment equals 2/3 of AFC members with more than 26⅔ years receive supplemental allowance of 2 ½% of AFC x years over 26⅔ but not over 40 years	accidental disability payment equals 2/3 of AFC members with more than 33⅓ years receive supplemental allowance of 2% of AFC x years over 33⅓ but not over 50 years combined benefit shall not exceed 100% of AFC	accidental disability payment equals 2/3 of AFC members with more than 33⅓ years receive supplemental allowance of 2% of AFC x years over 33⅓ but not over 50 years combined benefit shall not exceed 100% of AFC	accidental disability payment equals 2/3 of AFC members with more than 26⅔ years receive supplemental allowance of 2 ½% of AFC x years over 26⅔ but not over 40 years	accidental disability payment equals 2/3 of AFC members with more than 26⅔ years receive supplemental allowance of 2 ½% of AFC x years over 26⅔ but not over 40 years
Increased Employee Contribution §16	5% of salary: • local government employees • state employees	7% of salary: all Group I	7% of salary: all Group I	7% of salary: all Group I	7% of salary: all Group I

	Current Law	HB 580			
	<i>applies to all employees</i>	<i>Future Hires</i>	<i>Non-Vested Employees as of 7/1/2011</i>	<i>Vested before 7/1/2011 and retire after 7/1/2016</i>	<i>Vested before 7/1/2011 and retire by 7/1/2016</i>
	<p>hired by 6/30/09</p> <ul style="list-style-type: none"> ◦ teachers <p>7% of salary:</p> <ul style="list-style-type: none"> ◦ state employees hired after 6/30/09 <p>9.3% of salary:</p> <ul style="list-style-type: none"> ◦ police ◦ fire <p>exception for Group II members with more than 40 years of service</p>	<p>11% of salary: all Group II</p> <p>exception for Group II with more than 40 years of service if vested before 7/1/2011 and other Group II members with more than 50 years of service</p>	<p>11% of salary: all Group II</p> <p>exception for Group II with more than 40 years of service if vested before 7/1/2011 and other Group II members with more than 50 years of service</p>	<p>11% of salary: all Group II</p> <p>exception for Group II with more than 40 years of service if vested before 7/1/2011 and other Group II members with more than 50 years of service</p>	<p>11% of salary: all Group II</p> <p>exception for Group II with more than 40 years of service if vested before 7/1/2011 and other Group II members with more than 50 years of service</p>

Testimony

**HB 580-FN-Local
relative to the New Hampshire retirement system**

SUMMARY

Rep. Neal M. Kurk
March 4, 2011

1. Increases the retirement age to 65 for new group I employees and for current group I employees with less than 10 years of creditable service and gradually for those group I employees with more than 10 years of service: 10 – 15 years, 64; 15 – 20 years, 63; 20 – 25 years, 62; 25 – 30 years, 61; more than 30 years, 60. [Page 3, sec. 4; page 9, lines 3 – 13]

2. Repeals the Retirement System Board's recent decision to treat the state as a single employer. The repeal means that two or more part-time positions can no longer be combined to create a position that qualifies for pension benefits. [Page 2, sec. 3]

3. Defines earnable compensation to mean base pay only effective for all employees retiring after June 30, 2016 (a five-year window). [Page 1, sec. 2]

4. Computes the average final compensation on five years instead of three for all employees retiring after June 30, 2016 (a five-year window). [Page 1, sec. 1]

5. Changes the composition of the Board so that there are four employee representatives (teacher, police, fire, state employee), four employer representatives (municipal, school, county and state), four public members appointed by the governor and the state treasurer ex officio, for a total of 13. [Page 11, sec. 21; page 12, sec. 22]

6. Eliminates the so-called special account by repealing the current provision authorizing the transfer to the special account of investment earnings greater than 10.5% once the funding ratio reaches 85%. [Page 12, sec. 23; reference changes in secs. 25-28]

7. Transfers the balance in each special account component (employees, teachers, police and fire) to the corresponding components of the state annuity accumulation fund. [Page 12, sec. 29]

8. Eliminates the medical subsidy through the retirement system, but does not change the state's obligation under RSA 21-C:30, to provide retiree health care. [Page 14, secs. 29-30; reference changes in sec. 31-36]

9. Increases employee contribution rates to more equitably share the risks associated with a defined benefit plan: group I - 7%; group II - 11%. [Page 9, sec. 16] This would result in a roughly 50/50 sharing of at least the normal contribution requirement sharing. Political subdivisions may implement a higher or lower percentage of employee contribution; if they do not act, the statutory rate for state employees will apply to political subdivisions. [Page 10, sec. 17]

10. Establishes a voluntary defined contribution plan option to be administered by NHRS in order to allow employees the opportunity to supplement their pensions with their own and, if negotiated, with employer contributions. [Page 17, sec. 37]

11. Increases the retirement age to 50 years (up from the current 45) after 25 years of service (up from the current 20) for new group II members and for current group II employees with less than 10 years of creditable service. The percentage of one's pension earned each year is changed to 2.0% from 2.5%. [Page 4, sec. 4, beginning at line 5]

12. Bans so-called "double dipping," preventing an individual who is receiving NHRS benefits from simultaneously receiving compensation in any form from the same employer member of the system for services rendered after the date benefits were first paid, whether as a full-time or part-time employee for any period of time, or as a consultant for a period longer than three months. [Page 11, secs. 19-20]

13. Inserts a severability clause which provides that if any section is determined to violate the constitution, including through the contract clause, employee contribution rates shall be 75% of the normal and accrued liability contribution rates. [Page 19, secs. 38-39]

14. **Amendment 2011-0601h (March 2, 2011):** allows state employees who were hired on or after July 1, 2004, to opt out of receiving employee benefits, including health insurance and pension benefits, and instead receive a 25% increase in their yearly base pay for as long as they work for the state.

**Current Comments and Additional Clarification Needed
Regarding HB 580**

1. Sec. 1: appears to possibly impact current vested members.
2. Sec. 2: A) definition of Earnable Compensation: difficulty knowing the amount of contribution to collect on earnable compensation with a 7/1/16 retirement date. Also, the definition does not address a member who retires on 7/1/16.
B) a number of inconsistent or confusing word phrases: e.g.:
"in service" (p. 1, line 13) vs. "in active service" (p. 2, line 11);
"prior to before" (p. 1, lines 13 & 14);
"on *and* after July 1, 2011" (p. 2, line 11);
does not define "full base rate of compensation paid"
3. Sec. 2(b): possible IRC issue re: members who became eligible for membership in the system on or after July 1, 1996.
4. Sec. 3: "full-time" requirement" may affect current eligibility of part-time judges.
5. Sec. 4 p. 3, line 8, it appears the phrase "...is not in vested status on or after July 1, 2011" should instead read "...is not in vested status as of June 30, 2011".
6. Sec. 4 p. 3, lines 7/8 and 24/25; and various other locations: "vested status" not currently defined.
7. Sec. 15 p. 9, line 3: does this affect a new or existing section of RSA 100-A?
8. Sec. 15 p. 9, lines 3-13:" appears to affect any member vested on/before 7/1/11, who must be entitled to unreduced benefits on after age 60.
9. Sec. 17 p. 10, lines 16-22: Possible IRC compliance issues, as well as major modifications to NHRS software. Also, possible irregularity in employer contributions.
10. Sec. 19 p. 10, line 35: to whom does "longer than 3 months" apply only to?
11. Sec. 22 p. 12, line 4: does this affect a new or existing section of RSA 100-A?
12. Sec. 29 p. 14, line 27: Can not repeal medical subsidy for Group II members who are vested..
13. Sec. 29 p. 14, lines 20-29: Potential legal issue if subsidy is repealed for those currently in receipt or vested.
14. Sec. 30 p. 14, line 32 and following, see item #13 above.
15. Sec. 37 p. 17, line 10 through p. 19, line 8: possible IRC qualification issues.

SB 3-FN-A-LOCAL - AS AMENDED BY THE SENATE

03/16/11 0701s
03/16/11 0797s
03/16/11 0905s

2011 SESSION

11-0951
10/03

SENATE BILL

3-FN-A-LOCAL

AN ACT making comprehensive changes to the state retirement system.

SPONSORS: Sen. Bradley, Dist 3; Sen. Barnes, Jr., Dist 17; Sen. Bragdon, Dist 11; Sen. De Blois, Dist 18; Sen. Forrester, Dist 2; Sen. Forsythe, Dist 4; Sen. Gallus, Dist 1; Sen. Groen, Dist 6; Sen. Luther, Dist 12; Sen. Odell, Dist 8; Sen. Rausch, Dist 19; Sen. White, Dist 9; Rep. Hawkins, Hills 18; Rep. Kurk, Hills 7; Rep. Reagan, Rock 1; Rep. Bettencourt, Rock 4

COMMITTEE: Executive Departments and Administration

AMENDED ANALYSIS

This bill makes various changes to the state retirement system including:

- I. Increasing retirement ages of group II members for service retirement, disability retirement, vested deferred retirement, and split benefits.
- II. Changing the definitions of earnable compensation and average final compensation used in calculating retirement benefits.
- III. Changing the composition of the board of trustees.
- IV. Eliminating the special account.
- V. Eliminating the retirement system funding of medical benefits premium payments.
- VI. Increasing contribution rates.
- VII. Establishing a voluntary defined contribution plan administered by the board of trustees.
- VIII. Limits when a member in service may concurrently receive benefits.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struck through~~].
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

SB 3-FN-A-LOCAL - AS AMENDED BY THE SENATE

03/16/11 0701s
03/16/11 0797s
03/16/11 0905s

11-0951
10/03

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Eleven

AN ACT making comprehensive changes to the state retirement system.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Retirement System; Definition of Earnable Compensation. Amend RSA 100-A:1, XVII to read
2 as follows:

3 XVII. "Earnable compensation" shall mean:

4 (a) For ~~all~~ members *who have attained vested status prior to July 1, 2011* the full
5 base rate of compensation paid, *as determined by the employer*, plus any overtime pay, holiday
6 and vacation pay, sick pay, longevity or severance pay, cost of living bonus, additional pay for
7 extracurricular and instructional activities [~~or for other extra or special duty~~], and any military
8 differential pay, plus the fair market value of non-cash compensation paid to, or on behalf of, the
9 member for meals or living quarters if subject to federal income tax, but excluding other
10 compensation except cash incentives paid by an employer to encourage members to retire,
11 supplemental pay paid by the employer while the member is receiving workers' compensation, and
12 teacher development pay that is not part of the contracted annual salary. *Compensation for extra
13 and special duty, as determined by the employer, shall be included but limited during the
14 highest 3 years of creditable service as provided in paragraph XVIII.* However, earnable
15 compensation in the final 12 months of creditable service prior to termination of employment shall
16 be limited to 1-1/2 times the higher of the earnable compensation in the 12-month period preceding
17 the final 12 months or the highest compensation year as determined for the purpose of calculating
18 average final compensation, but excluding the final 12 months. Any compensation received in the
19 final 12 months of employment in excess of such limit shall not be subject to member or employer
20 contributions to the retirement system and shall not be considered in the computation of average
21 final compensation. Provided that, the annual compensation limit for members of governmental
22 defined benefit pension plans under section 401(a)(17) of the United States Internal Revenue Code of
23 1986, as amended, shall apply to earnable compensation for all employees, teachers, permanent
24 firemen, and permanent policemen who first become eligible for membership in the system on or
25 after July 1, 1996. Earnable compensation shall not include compensation in any form paid later
26 than 120 days after the member's termination of employment from a retirement eligible position,
27 with the limited exceptions of disability related severance pay paid to a member or retiree no later
28 than 120 days after a decision by the board of trustees granting the member or retiree disability

1 retirement benefits pursuant to RSA 100-A:6 and of severance pay which a member was entitled to
2 be paid within 120 days after termination but which, without the consent of the member and not
3 through any fault of the member, was paid more than 120 days after the member's termination. The
4 member shall have the burden of proving to the board of trustees that any severance payment paid
5 later than 120 days after the member's termination of employment is earnable compensation and
6 meets the requirements of an asserted exception to the 120-day post-termination payment
7 requirement.

8 ***(b) For members who begin service after June 30, 2011 or who are not in vested***
9 ***status on July 1, 2011 the full base rate of compensation paid, as determined by the***
10 ***employer, plus any overtime pay, holiday and vacation pay, sick pay, longevity pay, cost of***
11 ***living bonus, additional pay for extracurricular and instructional activities, and any***
12 ***military differential pay, plus the fair market value of non-cash compensation paid to, or***
13 ***on behalf of, the member for meals or living quarters if subject to federal income tax, but***
14 ***excluding other compensation except supplemental pay paid by the employer while the***
15 ***member is receiving workers' compensation and teacher development pay that is not part***
16 ***of the contracted annual salary. Compensation for extra and special duty, as determined***
17 ***by the employer, shall be included but limited during the highest 3 years of creditable***
18 ***service as provided in paragraph XVIII. Earnable compensation shall not include***
19 ***incentives to encourage members to retire, severance pay, and pay for unused sick or***
20 ***vacation time. However, earnable compensation in the final 12 months of creditable***
21 ***service prior to termination of employment shall be limited to 1-1/2 times the higher of the***
22 ***earnable compensation in the 12-month period preceding the final 12 months or the***
23 ***highest compensation year as determined for the purpose of calculating average final***
24 ***compensation, but excluding the final 12 months. Any compensation received in the final***
25 ***12 months of employment in excess of such limit shall not be subject to member or employer***
26 ***contributions to the retirement system and shall not be considered in the computation of***
27 ***average final compensation. Provided that, the annual compensation limit for members of***
28 ***governmental defined benefit pension plans under section 401(a)(17) of the United States***
29 ***Internal Revenue Code of 1986, as amended, shall apply to earnable compensation for all***
30 ***employees, teachers, permanent firemen, and permanent policemen who first become***
31 ***eligible for membership in the system on or after July 1, 1996. Earnable compensation***
32 ***shall not include compensation in any form paid later than 120 days after the member's***
33 ***termination of employment from a retirement eligible position.***

34 2 Retirement System; Definitions; Average Final Compensation. Amend RSA 100-A:1, XVIII to
35 read as follows:

36 XVIII. "Average final compensation" shall mean:

37 ***(a) For members who have attained vested status prior to July 1, 2011, the***

1 average annual earnable compensation of a member during his or her highest 3 years of creditable
2 service, or during all of the years in his or her creditable service if less than 3 years. *For purposes*
3 *of this calculation, the inclusion of the average annual compensation for extra and special*
4 *duty in the 3 years shall not exceed the average annual amount of compensation for extra*
5 *and special duty paid to the members over the member's last 7 years or over all of the years*
6 *in his or her creditable service if less than 7 years.*

7 (b) *For members who began service after June 30, 2011 or have not attained*
8 *vested status on July 1, 2011, "average final compensation" shall mean the average annual*
9 *earnable compensation of a member during his or her highest 5 years of creditable service,*
10 *or during all of the years in his or her creditable service if less than 5 years. For purposes*
11 *of this calculation, the inclusion of the average annual compensation for extra and special*
12 *duty in the 3 years shall not exceed the average annual amount of compensation for extra*
13 *and special duty paid to the members over the member's last 7 years or over all of the years*
14 *in his or her creditable service if less than 7 years.*

15 3 Maximum Initial Benefit; Effective 2016. Amend RSA 100-A:6-a to read as follows:

16 100-A:6-a Maximum Retirement Benefit. Notwithstanding any other provision of this chapter to
17 the contrary, [~~for members who commenced service before July 1, 2009,~~] a member's initial
18 calculation of the retirement benefit granted under the provisions of RSA 100-A:5 or RSA 100-A:6
19 shall not exceed 100 percent of the member's highest year of [~~earnable compensation~~] *full base rate*
20 *of compensation paid.* [~~For members who commenced service on or after July 1, 2009, a member's~~
21 ~~maximum retirement benefit granted under the provisions of RSA 100-A:5 or RSA 100-A:6 shall not~~
22 ~~exceed \$120,000.~~] Nothing in this section shall affect the ability of a member to receive disability
23 benefits pursuant to RSA 100-A:6, II(b) and (c). This provision shall not limit the application of
24 supplemental allowances under RSA 100-A:41-a.

25 4 State Employees; Group Insurance Benefits; Group II. Amend RSA 21-I:30, III to read as
26 follows:

27 III. Any vested deferred state retiree may receive medical and surgical benefits under this
28 section if the vested deferred state retiree is eligible. To be eligible, a group I vested deferred state
29 retiree shall have at least 10 years of creditable service with the state if the employee's service began
30 prior to July 1, 2003 or 20 years of creditable service with the state if the employee's service began
31 on or after July 1, 2003 and a group II vested deferred state retiree shall have at least 20 years of
32 creditable service with the state if the employee's service with the state began on or after July 1,
33 2010. In addition, if the vested deferred state retiree is a member of group I, such retiree shall be at
34 least 60 years of age to be eligible. If the vested deferred state retiree is a member of group II *who*
35 *is in vested status before July 1, 2011,* such retiree shall not be eligible until 20 years from the
36 date of becoming a member of group II and shall be at least 45 years of age, *and any group II*
37 *member who commenced service after June 30, 2011 shall not be eligible until 25 years from*

1 *the date of becoming a member of group II and shall be at least 50 years of age, and group*
2 *II members not in vested status on July 1, 2011 shall be as provided in the transition*
3 *provisions in RSA 100-A:5, II(d).*

4 5 Service Retirement; Group II. Amend RSA 100-A:5, II to read as follows:

5 II. Group II Members.

6 (a) Any group II member in service, *who is in vested status before July 1, 2011*, who
7 has attained age 45 and completed 20 years of creditable service, *and any group II member who*
8 *commenced service after June 30, 2011 who has attained age 50 and completed 25 years of*
9 *creditable service, and group II members not in vested status on July 1, 2011 as provided in*
10 *the transition provisions in RSA 100-A:5, II(d)*, or any group II member in service who has
11 attained age 60 regardless of the number of years of creditable service, may retire on a service
12 retirement allowance upon written application to the board of trustees setting forth at what time not
13 less than 30 days nor more than 90 days subsequent to the filing thereof the member desires to be
14 retired, notwithstanding that during such period of notification the member may have separated
15 from service.

16 (b) Upon service retirement, a group II member shall receive a service retirement
17 allowance which shall consist of:

18 (1) A member annuity which shall be the actuarial equivalent of his *or her*
19 accumulated contributions at the time of retirement; and

20 (2) *For members who are in vested status before July 1, 2011*, a state annuity
21 which, together with his *or her* member annuity, shall be equal to 2-1/2 percent of his *or her*
22 average final compensation multiplied by the number of years of his *or her* creditable service not in
23 excess of 40 years, *or for members who commenced service after June 30, 2011, a state*
24 *annuity which, together with his or her member annuity, shall be equal to 2 percent of his*
25 *or her average final compensation multiplied by the number of years of his or her*
26 *creditable service not in excess of 50 years, and group II members not in vested status on*
27 *July 1, 2011 shall be as provided in the transition provisions in RSA 100-A:5, II(d) with the*
28 *maximum number of years adjusted proportionally between 40 and 50.*

29 (c)(1) Notwithstanding any provision of RSA 100-A to the contrary, any group II member
30 who *is in vested status before July 1, 2011 and* has retired on or after the effective date of this
31 subparagraph after attaining the age of 45 with at least 20 years of creditable service, *and any*
32 *group II member who commenced service after June 30, 2011 and has retired on or after the*
33 *effective date of this subparagraph after attaining the age of 50 with at least 25 years of*
34 *creditable service, and group II members not in vested status on July 1, 2011 shall be as*
35 *provided in the transition provisions in RSA 100-A:5, II(d)*, shall receive a minimum annual
36 service retirement allowance of \$10,000. If such group II member has elected to convert the
37 retirement allowance into an optional allowance for the surviving spouse under RSA 100-A:13, the

1 surviving spouse shall be entitled to a proportional share of the \$10,000.

2 (2) [Repealed.]

3 (3) [Repealed.]

4 (d) *Active group II members who are not in vested status on July 1, 2011 shall be*
5 *subject to the following transition provisions for years of service required for regular*
6 *service retirement, the minimum age for regular service retirement, and the multiplier*
7 *used to calculate the retirement annuity, which shall be applicable on July 1, 2011*
8 *according to the following table:*

9 Creditable service Minimum years of service Minimum age attained Annuity multiplier
10 on July 1, 2011

11 (1) *Less than 4 years* 24 *age 49* 2.1%

12 (2) *At least 4 years but* 23 *age 48* 2.2%
13 *less than 6 years*

14 (3) *At least 6 years but* 22 *age 47* 2.3%
15 *less than 8 years*

16 (4) *At least 8 years but* 21 *age 46* 2.4%
17 *less than 10 years*

18 6 Ordinary Disability Retirement; Group II. Amend RSA 100-A:6, II(b) to read as follows:

19 (b) Upon ordinary disability retirement, the group II member shall receive an ordinary
20 disability retirement allowance which shall consist of: a member annuity which shall be the
21 actuarial equivalent of his *or her* accumulated contributions at the time of his *or her* ordinary
22 disability retirement; and a state annuity which, together with his *or her* member annuity, *for*
23 *members who are in vested status before July 1, 2011*, shall be equal to 2-1/2 percent of his *or*
24 *her* average final compensation at the time of [his] ordinary disability retirement multiplied by the
25 number of years of his *or her* creditable service not in excess of 40 at the time of [his] ordinary
26 disability retirement, *or for members who commenced service after June 30, 2011, shall be*
27 *equal to 2 percent of his or her average final compensation at the time of ordinary*
28 *disability retirement multiplied by the number of years of his or her creditable service not*
29 *in excess of 50 at the time of ordinary disability retirement, and group II members not in*
30 *vested status on July 1, 2011 shall be as provided in the transition provisions in RSA 100-*
31 *A:5, II(d) with the maximum number of years adjusted proportionally between 40 and 50*
32 provided, however, that such allowance shall not be less than 25 percent of the member's final
33 compensation at the time of his *or her* disability retirement.

34 7 Accidental Disability Retirement; Group II. Amend RSA 100-A:6, II(d) to read as follows:

35 (d) Upon accidental disability retirement, the group II member shall receive an
36 accidental disability retirement allowance equal to 2/3 of his *or her* average final compensation at
37 the time of [his] disability retirement.

1 **(1) For members who are in vested status before July 1, 2011, any group II**
2 **member who has more than 26-2/3 years of service, a supplemental disability retirement allowance**
3 **shall be paid. Such supplement shall be equal to 2-1/2 percent of his or her average final**
4 **compensation multiplied by the number of years of his or her creditable service in excess of 26-2/3**
5 **but not in excess of 40 years.**

6 **(2) For members who commenced service after June 30, 2011, any group II**
7 **member who has more than 33-1/3 years of service, a supplemental disability retirement**
8 **allowance shall be paid. Such supplement shall be equal to 2 percent of his or her average**
9 **final compensation multiplied by the number of years of his or her creditable service in**
10 **excess of 33-1/3 but not in excess of 50 years.**

11 **(3) For group II members not in vested status on July 1, 2011 calculation of**
12 **the supplemental allowance shall be as provided in the transition provisions in RSA 100-**
13 **A:5, II(d) with the number of years for the supplement adjusted proportionally.**

14 8 Vested Deferred Retirement; Group II. Amend RSA 100-A:10, II(b) to read as follows:

15 **(b) For members who are in vested status before July 1, 2011, upon the member's**
16 **attainment of age 45, provided the member would then have completed 20 years of creditable service,**
17 **otherwise the subsequent date on which such 20 years would have been completed, or for members**
18 **who commenced service after June 30, 2011, upon the member's attainment of age 50,**
19 **provided the member would then have completed 25 years of creditable service, otherwise**
20 **the subsequent date on which such 25 years would have been completed, and group II**
21 **members not in vested status on July 1, 2011 shall be as provided in the transition**
22 **provisions in RSA 100-A:5, II(d), or at any time after age 60, a group II member who meets the**
23 **requirement of subparagraph (a) may make application on a form prescribed by the board of trustees**
24 **and receive a vested deferred retirement allowance which shall consist of: (1) A member annuity**
25 **which shall be the actuarial equivalent of accumulated contributions on the date the member's**
26 **retirement allowance commences; and (2) A state annuity which, together with the member annuity,**
27 **shall be equal to a service retirement allowance based on the member's average final compensation**
28 **and creditable service at the time the member's service is terminated.**

29 9 Split Benefits; Minimum Age. Amend RSA 100-A:19-b, II to read as follows:

30 **II.(a) For a member who is in vested status before July 1, 2011 and, who has completed**
31 **20 or more years of combined creditable service, one year shall be deducted from age 60 for each year**
32 **of creditable group II service, provided that the age shall not be less than 45 years.**

33 **(b) For a member who commenced service after June 30, 2011 and who has**
34 **completed 25 or more years of combined creditable service, one year shall be deducted from**
35 **age 60 for each year of creditable group II service, provided that the age shall not be less**
36 **than 50 years.**

37 **(c) For group II members not in vested status on July 1, 2011, minimum age**

1 *shall be as provided in the transition provisions in RSA 100-A:5, II(d) with one year*
 2 *deducted from age 60 to not less than the adjusted minimum age.*

3 10 Split Benefits; Reduced Early Retirement. Amend RSA 100-A:19-d to read as follows:

4 100-A:19-d Reduced Early Retirement. Notwithstanding any other provision of law, any
 5 retirement system member who has creditable service in both group I and group II with at least
 6 10 years combined creditable service, and who has attained an age which is at least 45 *for members*
 7 *who are in vested status with group II service before July 1, 2011 or at least 50 for members*
 8 *who commenced group II service after June 30, 2011, and group II members not in vested*
 9 *status on July 1, 2011 shall be as provided in the transition provisions in RSA 100-A:5,*
 10 *II(d), and is within 10 years of the minimum age set forth in RSA 100-A:19-b, may elect to retire*
 11 *and have benefits commence immediately as a reduced split-benefit service retirement allowance.*
 12 Application shall be as provided in RSA 100-A:5, I(c). The allowance shall be determined as a split-
 13 benefit service retirement allowance in accordance with RSA 100-A:19-c, and the total combined
 14 split-benefit service allowance shall be reduced by the percentages shown in RSA 100-A:5, I(c), based
 15 on the total combined length of creditable service, for each month by which the date on which
 16 benefits commence precedes the month after which the member attains the minimum age set forth
 17 in RSA 100-A:19-b.

18 11 Financing; Member Contribution Rates; Group II Member Payroll Deduction. Amend RSA
 19 100-A:16, I(a) to read as follows:

20 (a) The member annuity savings fund shall be a fund in which shall be accumulated the
 21 contributions deducted from the compensation of members to provide for their member annuities
 22 together with any amounts transferred thereto from a similar fund under one or more of the
 23 predecessor systems. Such contribution shall be, for each member, dependent upon the member's
 24 employment classification at the rate determined in accordance with the following table:

- 25 ~~Employees of employers other than the state 5.00~~
- 26 ~~Employees of the state hired on or before June 30, 2009 5.00~~
- 27 ~~Employees of the state hired after June 30, 2009 7.00~~
- 28 ~~Teachers 5.00~~
- 29 ~~Permanent Policemen 9.30~~
- 30 ~~Permanent Firemen 9.30]~~

31 *Group I members, 7.00, provided that for any group I member whose contribution rate*
 32 *on June 30, 2011 was 5.00, the rate for the state fiscal year beginning July 1, 2011 shall be*
 33 *6.00, and for the state fiscal year beginning July 1, 2012 and each state fiscal year*
 34 *thereafter the rate shall be 7.00.*

35 *Group II members, 11.30, provided that for any group II member whose contribution*
 36 *rate on June 30, 2011 was 9.30, the rate for the state fiscal year beginning July 1, 2011 shall*
 37 *be 10.30, and for the state fiscal year beginning July 1, 2012 and each state fiscal year*

1 *thereafter the rate shall be 11.30.*

2 The board of trustees shall certify to the proper authority or officer responsible for making up the
3 payroll of each employer, and such authority or officer shall cause to be deducted from the
4 compensation of each member, except group II members *who are in vested status before July 1,*
5 *2011 with creditable service in excess of 40 years and group II members who commenced service*
6 *after June 30, 2011 with creditable service in excess of 50 years, and group II members not*
7 *in vested status on July 1, 2011 shall be as provided in the transition provisions in RSA*
8 *100-A:5, II(d) with the maximum number of years adjusted proportionally between 40 and*
9 *50, as provided in RSA 100-A:5, II(b) and RSA 100-A:6, II(b), on each and every payroll of such*
10 employer for each and every payroll period, the percentage of earnable compensation applicable to
11 such member. No deduction from earnable compensation under this paragraph shall apply to any
12 group II member *who is in vested status before July 1, 2011 with creditable service in excess of*
13 *40 years, and any group II member who commenced service after June 30, 2011 with*
14 *creditable service in excess of 50 years, and group II members not in vested status on July 1,*
15 *2011 shall be as provided in the transition provisions in RSA 100-A:5, II(d) with the*
16 *maximum number of years adjusted proportionally between 40 and 50, as provided in*
17 RSA 100-A:5, II(b) and RSA 100-A:6, II(b), and this provision for such members shall not affect the
18 method of determining average final compensation as provided in RSA 100-A:1, XVIII. In
19 determining the amount earnable by a member in a payroll period, the board may consider the rate
20 of compensation payable to such member on the first day of a payroll period as continuing
21 throughout the payroll period and it may omit deduction from compensation for any period less than
22 a full payroll period if such person was not a member on the first day of the payroll period, and to
23 facilitate the making of deductions it may modify the deduction required of any member by such an
24 amount as shall not exceed 1/10 of one percent of the annual earnable compensation upon the basis
25 of which such deduction is made. The amounts deducted shall be reported to the board of trustees.
26 Each of such amounts, when deducted, shall be paid to the retirement system at such times as may
27 be designated by the board of trustees and credited to the individual account, in the member annuity
28 savings fund, of the member from whose compensation the deduction was made.

29 12 Retirement System; Administration; Membership of Board. Amend RSA 100-A:14, I to read
30 as follows:

31 I. The administration of this system is vested in a board of [~~14~~] 13 trustees. Each newly
32 appointed or reappointed trustee shall have familiarity with or experience in finance or business
33 management. The state treasurer shall be an ex officio voting member of the board. The governor
34 and council shall appoint 2 trustees, to be known as nonmember trustees, who shall be qualified
35 persons with investment and/or financial experience as provided in this paragraph and not be
36 members of the system, and who shall serve for a term of 2 years and until their successors are
37 appointed and qualified. The nonmember trustees of the board shall have substantial experience in

1 the field of institutional investment or finance, taking into account factors such as educational
 2 background, business experience, and professional licensure and designations. The original
 3 appointment of one of the nonmember trustees shall be for a term of one year. The remaining ~~[11]~~
 4 **10** members of the board shall consist of ~~[2 employees, 2 teachers, 2 permanent policemen, 2~~
 5 ~~permanent firemen]~~: **one employee member, one teacher member, one permanent police**
 6 **member, one permanent fireman member, 4 employer members;** one member of the senate who
 7 shall be appointed annually by the senate president, **and** one member of the house of
 8 representatives who serves on the executive departments and administration committee and who
 9 shall be appointed annually by the speaker of the house ~~[and one person representing management~~
 10 ~~in local government]~~. Whenever a vacancy occurs **for a legislative member**, the senate president
 11 or the speaker of the house shall fill the vacancy in the same manner by appointing a senate or a
 12 house member who shall serve for the unexpired term. The New Hampshire state employees'
 13 association, the New Hampshire education association, the New Hampshire police association, **and**
 14 the New Hampshire state permanent firemen's association ~~[and the New Hampshire Local~~
 15 ~~Government Center]~~ shall each annually nominate from their members a panel of 5 persons, all of
 16 whom ~~[except for the panel of the Local Government Center]~~ shall be active members of the
 17 retirement system ~~[or one of the 4 predecessor systems]~~, no later than May 31 of each year, and the
 18 panels so named shall be filed with the secretary of state no later than June 10 of each year. From
 19 ~~[each of]~~ the above named panels the governor and council shall appoint ~~[one person annually to]~~ **the**
 20 **active member trustees** of the board ~~[except for the panel of the Local Government Center, which~~
 21 ~~shall have one person appointed every 2 years]~~ **as needed so as to maintain the representation**
 22 **on the board. The governor and council shall appoint the employer members of the board**
 23 **with one member nominated by the New Hampshire Association of Counties, one member**
 24 **nominated by the New Hampshire Municipal Association, one member nominated by the**
 25 **New Hampshire School Boards Association, and one member to represent management of**
 26 **state employees.** Members appointed to the board in the manner aforesaid shall serve for a term of
 27 2 years. Each member so appointed shall hold office until his or her successor shall be appointed and
 28 qualified. Whenever a vacancy occurs, the governor and council shall fill the vacancy by appointing
 29 a member who shall serve for the unexpired term ~~[from the same panel from which the former~~
 30 ~~member was appointed]~~. The governor shall designate one of the nonmember trustees to serve as
 31 chairman of said board of trustees.

32 13 Quorum. Amend RSA 100-A:14, IV to read as follows:

33 IV. Each trustee, including the chairman, shall be entitled to one vote in the board of
 34 trustees. ~~[Seven]~~ **Six** trustees shall constitute a quorum for the transaction of any business of the
 35 board of trustees. ~~[Seven]~~ **Six** votes shall be necessary for any resolution or action by the board at
 36 any meeting.

37 14 Application; Board of Trustees Membership. Members of the board of trustees for the

1 retirement system on the effective date of this section shall serve for the remainder of their terms.
2 In order to conform to changes to the retirement system board of trustees made by this act, upon a
3 vacancy occurring in the membership on the board of trustees after the effective date of this section,
4 the appointment of a trustee shall be made to reasonably conform to the trustee designations in
5 RSA 100-A:14, I.

6 15 Repeal of Special Account Funding. RSA 100-A:16, II(h)(2), relative to the method of
7 allocating funds to the special account, is repealed.

8 16 Return of Members' Contributions; Reference to Assumed Rate of Return. Amend RSA 100-
9 A:11, I(a) to read as follows:

10 (a) If a group I member ceases to be an employee or teacher for reasons other than
11 retirement or death and if he or she has not elected to receive a vested deferred retirement allowance
12 under RSA 100-A:10, the amount of his or her accumulated contributions shall be paid within 3
13 months after his or her written request therefor, provided that the member may not file a written
14 request for such payment until at least 30 days from the date the member ceases to be an employee
15 or a teacher and provided that the member may not again become a group I member during said 30-
16 day period. A group I member shall cease to be an active member if he or she is absent from service
17 for more than 180 days, without requesting return of the amount of his or her accumulated
18 contributions, and the retirement system shall retain his or her accumulated contributions. The
19 annual return credited on inactive, vested members shall be paid pursuant to RSA 100-A:16, II(g).
20 The board shall hold and invest such accumulated contributions on behalf of the inactive member,
21 provided that the annual return credited on the inactive member's accumulated contributions shall
22 be 2 percentage points less than either the assumed rate of return determined [~~under RSA 100-A:16,~~
23 ~~II(h)~~] *by the trustees* or the actual rate of return, whichever is lower, for the immediately preceding
24 fiscal year as reported in the comprehensive annual financial report (CAFR), provided the rate of
25 return shall not be less than zero. The inactive member may make a written request for his or her
26 total accumulated contributions, provided he or she is not on a leave of absence, and he or she shall
27 be paid within 3 months after his or her written request. In the event an inactive member who has
28 not withdrawn his or her contributions under this section returns to become an active member in
29 service, his or her previous service shall count toward that member's creditable service to the extent
30 that his or her accumulated contributions have remained in the retirement system.

31 17 Return of Members' Contributions; Reference to Assumed Rate of Return. Amend RSA 100-
32 A:11, II(a) to read as follows:

33 (a) If a group II member ceases to be a permanent policeman or permanent fireman for
34 reasons other than retirement or death and if he or she has not elected to receive a vested deferred
35 retirement allowance under RSA 100-A:10, the amount of his or her accumulated contributions shall
36 be paid within 3 months after his or her written request therefor. A group II member shall cease to
37 be an active member if he or she is absent from service for more than 180 days, without requesting

1 return of the amount of his or her accumulated contributions, and the retirement system shall retain
 2 his or her accumulated contributions. The annual return credited on inactive, vested members shall
 3 be paid pursuant to RSA 100-A:16, II(g). The board shall hold and invest such accumulated
 4 contributions on behalf of the inactive member, provided that the annual return credited on the
 5 inactive member's accumulated contributions shall be 2 percentage points less than either the
 6 assumed rate of return determined [~~under RSA 100-A:16, II(a)~~] *by the trustees* or the actual rate of
 7 return, whichever is lower, for the immediately preceding fiscal year as reported in the
 8 comprehensive annual financial report (CAFR), provided the rate of return shall not be less than
 9 zero. The inactive member may make a written request for his or her total accumulated
 10 contributions, provided he or she is not on a leave of absence, and he or she shall be paid within 3
 11 months after his or her written request. In the event an inactive member who has not withdrawn
 12 his or her contributions under this section returns to become an active member in service, his or her
 13 previous service shall count toward that member's creditable service to the extent that his or her
 14 accumulated contributions have remained in the retirement system.

15 18 Medical Benefits Subsidy; Payment by Retirement System. Amend RSA 100-A:52, II to read
 16 as follows:

17 II. However, for the fiscal year beginning July 1, 1990, the maximum amount payable by the
 18 retirement system under this subdivision on account of each person qualified under paragraph I who
 19 is not entitled to Medicare benefits, shall be \$101.50 per month, and on account of each person
 20 qualified under paragraph I who is entitled to Medicare benefits, shall be \$64 per month. As of
 21 July 1, 1991, and on each July 1 until and including July 1, 2007, the maximum amount payable by
 22 the retirement system as provided in this paragraph shall be increased by 8 percent, compounded on
 23 previous increases. After July 1, 2007 [~~and until and including July 1, 2011~~], the rate payable under
 24 this paragraph shall not be increased. [~~As of July 1, 2012, and on each July 1 thereafter, the~~
 25 ~~maximum amount payable by the retirement system as provided in this paragraph shall be~~
 26 ~~increased by 4 percent, compounded on previous increases.~~]

27 19 New Sections; Retirement System; Return to Work; Form Required. Amend RSA 100-A by
 28 inserting after section 27 the following new sections:

29 100-A:27-a Return to Work; Suspension of Benefits. Beginning January 1, 2012, no person shall
 30 be hired into a full-time position for which membership is required under RSA 100-A:3, or hired into
 31 a full-time state position for which membership is optional under RSA 100-A:3, I, while concurrently
 32 receiving a retirement benefit under this chapter. Benefits shall be suspended during any such
 33 period of employment. No person who retires after January 1, 2012 and is receiving retirement
 34 benefits under this chapter shall within 6 months of his or her retirement be employed by the state
 35 or another participating employer.

36 100-A:27-b Form Required. The retirement system shall provide to employers a form to be
 37 signed, dated, and submitted by persons hired by the employer containing such information as

1 determined necessary by the retirement system and a statement establishing that the person is not
2 currently receiving an allowance under this chapter. Employers shall submit such forms to the
3 retirement system.

4 20 Repeal. 2002, 137:7, relative to the application of the repeal of former RSA 100-A:3, I(c), is
5 repealed.

6 21 Transfer Required; Retirement System. The board of trustees of the retirement system shall
7 forthwith transfer the sum of \$89,000,000 from the group II components of the special account
8 established under RSA 100-A:16, II(h) to the state annuity accumulation fund.

9 22 Study Committee Established; Voluntary Defined Contribution Plan. There is established a
10 committee to study the establishment of a federal tax qualified voluntary defined contribution plan.

11 I. The members of the committee shall be as follows:

12 (a) One member of the senate, who shall be from the executive departments and
13 administration committee, appointed by the president of the senate.

14 (b) Three members of the house of representatives, each of whom shall be from the
15 executive departments and administration committee, appointed by the speaker of the house of
16 representatives.

17 II. Members of the committee shall receive mileage at the legislative rate when attending to
18 the duties of the committee.

19 III. The members of the study committee shall elect a chairperson from among the members.
20 The first meeting of the committee shall be called by the senate member. The first meeting of the
21 committee shall be held within 45 days of the effective date of this section. Three members of the
22 committee shall constitute a quorum.

23 IV. The committee shall report its findings and any recommendations for proposed
24 legislation to the president of the senate, the speaker of the house of representatives, the senate
25 clerk, the house clerk, the governor, and the state library on or before November 1, 2011.

26 23 Repeal. The following are repealed:

27 I. RSA 100-A:16, III-a, relative to employer assessments for excess benefits paid by
28 employers in the retirement system, is repealed.

29 II. RSA 100-A:4-b, relative to group I employees and teachers purchase of credit for out-of-
30 state service.

31 III. RSA 100-A:4-c, relative to group II members purchase of credit for out-of state service.

32 24 Severability. If any provision of this act or the application of such provision to any person or
33 circumstance is held invalid or is deemed not to comply with applicable law or regulations of the
34 Internal Revenue Service so as to jeopardize the retirement system's status as a qualified
35 governmental pension plan, the invalidity or non-compliance does not affect other provisions or
36 applications of the act which can be given effect without the invalid provisions or applications, and to
37 this end the provisions of this act are severable.

- 1 25 Effective Date.
- 2 I. Sections 1, 2, and 4-18 of this act shall take effect July 1, 2011.
- 3 II. Sections 19 and 20 of this act shall take effect January 1, 2012.
- 4 III. Section 3 of this act shall take effect July 1, 2016.
- 5 IV. The remainder of this act shall take effect upon its passage.

LBAO
11-0951
Revised 02/23/11

SB 3 FISCAL NOTE

AN ACT making comprehensive changes to the state retirement system.

FISCAL IMPACT:

The New Hampshire Retirement System states this bill may decrease state, county, and local expenditures by an indeterminable amount in FY 2014 and each fiscal year thereafter. The Department of Administrative Services states this bill may reduce state expenditures by an indeterminable amount in FY 2012 and each fiscal year thereafter. There is no fiscal impact on state, county, and local revenue.

METHODOLOGY:

The Retirement System states this bill makes certain changes to the benefits of current non-vested members and future members and to the administration of the System. The System's actuary provides an estimated fiscal impact of this bill for FY 2014 and FY 2015 as it is assumed there will be no change in the employer contribution percentage rates for FY 2012 and FY 2013. The System's actuary also assumed an annual rate of return of 8.5 percent, assumed wage inflation at 4.5 percent a year, and uses the entry-age normal cost valuation method. The System's actuary considered the following provisions of the bill as part of determining the fiscal impact: the change in the number of years used in the average final compensation calculation for members who begin service or are not vested as of July 1, 2011 (section 2); the imposition of a limit on member's retirement benefit of no more than 100% of the member's highest year of full base rate compensation paid (section 3); the change to group II eligibility for certain retirement and disability benefits and the calculation of those benefits for members who begin service or are not vested as of July 1, 2011 (sections 5 through 10); the change to member contribution rates for members hired after June 30, 2011 (section 11); the elimination of future increases to medical subsidy payments made by the System (section 18); the suspension of benefits for certain employed individuals who may concurrently receive retirement benefits as a retired member (section 19); and the transfer of \$89,000,000 from the group II components of the special account to the state annuity accumulation fund (section 21).

SB 3-FN-A-LOCAL – AS AMENDED BY THE SENATE

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The actuary did not include sections of the bill such as, certain changes to the composition of the board of trustees (sections 12 through 14) and the establishment of a study committee (section 22), as they were deemed to not have a direct impact on computed contribution rates.

The actuary did not value the change in the earnable compensation definition (section 1) due to the inability to separate the different kinds of pays reported for members. The actuary states this will further reduce employer contributions, however in the short term employer rates for pension and health could increase. Also the actuary did not value the repeal of funding the special account (section 15) as current contribution rates do not include costs associated with future potential transfers.

The decreases attributable to each pension group as a result of this bill can be found below in the sections titled Impact on Current Members Pension Assets and Impact on Current Members Medical Subsidy Subtrust.

Impact on Current Members Pension Assets

The following table shows the impact of the proposed bill on the June 30, 2010 valuation for the pension assets.

Supplemental Actuarial Valuation as of June 30, 2010				
including proposed pension assets changes affecting current members				
	Employees	Teachers	Police	Fire
<i>June 30, 2010 Valuation (Current Law)</i>				
Covered Payroll (in millions)	\$1,093.1	\$1,020.8	\$258.5	\$109.0
Valuation of Assets	\$1,721.0	\$2,049.6	\$997.3	\$465.9
Unfunded Actuarial Accrued Liability	\$1,260.6	\$1,503.5	\$637.9	\$318.1
Estimated FY 2014 Employer Rate	11.04%	11.81%	23.69%	28.39%
Estimated FY 2015 Employer Rate	10.99%	11.81%	23.69%	28.39%
<i>June 30, 2010 Valuation Including Proposed Change</i>				
Covered Payroll (in millions)	\$1,093.1	\$1,020.8	\$258.5	\$109.0
Valuation of Assets	\$1,721.0	\$2,049.6	\$1,052.1	\$500.1
Unfunded Actuarial Accrued Liability	\$1,158.5	\$1,397.3	\$506.6	\$250.4
Estimated FY 2014 Employer Rate	9.61%	10.45%	16.38%	20.36%
Estimated FY 2015 Employer Rate	9.56%	10.45%	16.38%	20.36%

SB 3-FN-A-LOCAL – AS AMENDED BY THE SENATE

- Page 16 -

The actuary states the bill as proposed will decrease the employer contribution rate to the pension fund for the employee group by 1.43 percentage points, for the teacher group by 1.36 percentage points, for the police group by 7.31 percentage points, and for the fire group by 8.03 percentage points in FY 2014 and FY 2015. This will result in the amount contributed by employers decreasing by the following amounts (in millions):

	Employees	Teachers	Police	Fire
FY 2014	\$(18.64)	\$(16.56)	\$(22.52)	\$(10.43)
FY 2015	\$(19.49)	\$(17.30)	\$(23.55)	\$(10.90)

Impact on Current Members Medical Subsidy Subtrust

The following table shows the impact of the proposed bill on the June 30, 2010 valuation for the medical subsidy subtrust.

Supplemental Actuarial Valuation as of June 30, 2010				
including proposed medical subsidy changes affecting current members				
	State Employees	Political Subdivision Employees	Teachers	Police and Fire
<i>June 30, 2010 Valuation (Current Law)</i>				
Covered Payroll (in millions)	\$520.7	\$572.4	\$1,020.8	\$367.5
Valuation of Assets	\$0	\$34.0	\$7.3	\$16.5
Unfunded Actuarial Accrued Liability	\$122.3	\$66.5	\$360.1	\$427.1
Statutory Rate	1.56%	0.49%	1.80%	5.51%
<i>June 30, 2010 Valuation Including Proposed Change</i>				
Covered Payroll (in millions)	\$520.7	\$572.4	\$1,020.8	\$367.5
Valuation of Assets	\$0	\$34.0	\$16.5	\$57.8
Unfunded Actuarial Accrued Liability	\$92.5	\$39.5	\$254.8	\$286.4
Statutory Rate	1.39%	0.31%	1.59%	4.92%

The actuary states the bill as proposed will decrease the employer contribution rate to the medical subsidy subtrust for the state employee group by 0.17 percentage points, for the political subdivision employee group by 0.18 percentage points, for the teacher group by 0.21 percentage points, and for the police and fire group by 0.59 percentage points in FY 2014 and FY 2015. This will result in the employer contributions to the medical subsidy subtrust decreasing by the following amounts (in millions):

SB 3-FN-A-LOCAL – AS AMENDED BY THE SENATE

- Page 17 -

	State Employees	Political Subdivision Employees	Teachers	Police and Fire
FY 2014	\$(1.06)	\$(1.23)	\$(2.55)	\$(2.59)
FY 2015	\$(1.04)	\$(1.28)	\$(2.67)	\$(2.70)

Impact on Special Account

The System assumes the amounts transferred from the special account will be as follows (in millions):

	State	Political Subdivisions	Total
Police	\$12.90	\$41.93	\$54.83
Fire	\$0.99	\$33.18	\$34.17
Total	\$13.89	\$75.11	\$89.00

The System states this asset transfer produces a contribution reduction in accordance with current funding policies in the statute.

Impact on New Hires (After July 1, 2011)

The System's actuary states the proposed changes to benefits for new hires has no effect on the System's current benefit obligation or current employer contributions for active members. The actuary states the long-term cost of providing benefits to new members hired after July 1, 2011 will decrease for each group by the following:

	Employees	Teachers	Police	Fire
Percentage of Payroll	(0.94%)	(1.80%)	(4.77%)	(5.65%)

In summary, the New Hampshire Retirement System states projected annual state and political subdivision (county and local) employer contribution savings as a result of this bill are as follows:

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- Page 18 -

	(1)	(2)	(3)	(4)
	Political Subdivisions	35% of Political Subdivisions	100% of State Employees	Total State Savings (2 + 3)
2014				
Employees	\$(10,990,492)	\$0	\$(9,935,347)	\$(9,935,347)
Teachers	\$(12,422,109)	\$(6,688,828)	\$0	\$(6,688,828)
Police	\$(11,466,200)	\$(6,174,108)	\$(6,710,029)	\$(12,884,137)
Fire	\$(7,030,459)	\$(3,785,632)	\$(390,636)	\$(4,176,268)
Total	\$(41,909,260)	\$(16,648,568)	\$(17,036,012)	\$(33,684,580)
2015				
Employees	\$(11,485,064)	\$0	\$(10,317,547)	\$(10,317,547)
Teachers	\$(12,981,104)	\$(6,989,825)	\$0	\$(6,989,825)
Police	\$(11,982,179)	\$(6,451,943)	\$(7,011,981)	\$(13,463,924)
Fire	\$(7,346,830)	\$(3,955,985)	\$(408,215)	\$(4,364,200)
Total	\$(43,795,177)	\$(17,397,753)	\$(17,737,743)	\$(35,135,496)

The System further states it estimates it would incur \$222,000 in computer programming costs in FY 2012 to implement the changes in this bill.

The Department of Administrative Services states this bill amends RSA 21-I:30, III changing the age for eligibility for retiree health insurance benefits for group II employees from 45 years of age to 50 years of age and the years of service requirement from 20 years to 25 years, unless the employee is in vested status by July 1, 2011. The Department is unable to determine the number of years of creditable service on an employee basis and therefore is unable to estimate a fiscal impact to this bill. The Department however does state the estimated decrease in cost for each year of delayed health benefits per retiree in would be \$12,618.29 in FY 2012, \$13,880.12 in FY 2013 and \$15,268.13 in FY 2014.

Voting Sheets

HOUSE SPECIAL COMMITTEE ON PUBLIC EMPLOYEE PENSIONS REFORM

EXECUTIVE SESSION on HB 580-FN-L

BILL TITLE: relative to the New Hampshire retirement system.

DATE: March 24, 2011

LOB ROOM: 306 & 308

Amendments:

Sponsor: Rep. Committee Amendment	OLS Document #:	2011	1174h
Sponsor: Rep. Shurtleff	OLS Document #:	2011	1117h
Sponsor: Rep.	OLS Document #:		

Motions: OTP, OTP/A ITL, Interim Study (Please circle one.)

Moved by Rep. Smith
Seconded by Rep. Kurk
Vote: 12-4 (Please attach record of roll call vote.)

Motions: OTP, OTP/A ITL, Interim Study (Please circle one.)

Moved by Rep. Shurtleff
Seconded by Rep. Sullivan
Vote: 4-10 (Please attach record of roll call vote.)

Motions: OTR, OTP/A ITL, Interim Study (Please circle one.)

Moved by Rep. Hawkins
Seconded by Rep. Bowers
Vote: 10-4 (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: NO

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Steven Winter, Clerk

HOUSE SPECIAL COMMITTEE ON PUBLIC EMPLOYEE PENSIONS REFORM

EXECUTIVE SESSION on HB 580-FN-L

BILL TITLE: relative to the New Hampshire retirement system.

DATE: ²⁴ March 22, 2011

LOB ROOM: 306 & 308

Amendments:

PASSED Sponsor: Rep. COMMITTEE AMENDMENT OLS Document #: 1274 h SMITH/KURK
FAILED Sponsor: Rep. SHURTLEFF OLS Document #: 1117 h SHURTLEFF/~~LOVE~~
SULLIVAN
Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. SMITH HAWKINS

Seconded by Rep. KURK BOWERS

Vote: (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE:

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Steven Winter, Clerk

SPECIAL COMMITTEE PUBLIC EMPLOYEE PENSIONS REFORM

Bill #: HB 580 Title: _____ (1)

PH Date: _____ / _____ / _____ Exec Session Date: 3, 24, 11

Motion: PASS AMENDMENT 1174h Amendment #: 1174h

MEMBER	YEAS	NAYS
Hawkins, Kenneth, Chairman	X	
Sedensky, John B, V Chairman	X	
Shuler, Wyman E	X	
Smith, William B	X	
Moran, Edward P	X	
Kurk, Neal M	X	
Winter, Steven J, Clerk	X	
Avard, Kevin A	X	
Cohn, Seth	X	
Waddell, James A <u>HOLL</u>	X	
Bowers, Spec	X	
Laware, Thomas W	X	
Shurtleff, Stephen J		X
Barody, Benjamin C		X
Long, Patrick T		X
Sullivan, Daniel J		X

SMITH
KURK

12-4

SPECIAL COMMITTEE PUBLIC EMPLOYEE PENSIONS REFORM

2

Bill #: HB 580 Title: _____

PH Date: ____/____/____

Exec Session Date: 3, 24, 11

Motion: PASS AMENDMENT

Amendment #: 1117 h

MEMBER	YEAS	NAYS
Hawkins, Kenneth, Chairman		X
Sedensky, John B, V Chairman		X
Shuler, Wyman E		X
Smith, William B		ABSENT
Moran, Edward P		X
Kurk, Neal M		ABSENT
Winter, Steven J, Clerk		X
Avard, Kevin A		X
Cohn, Seth		X
Waddell, James A		X
Bowers, Spec		X
Laware, Thomas W		X
Shurtleff, Stephen J	X	
Baroody, Benjamin C	X	
Long, Patrick T	X	
Sullivan, Daniel J	X	
		4-10 FAIL
TOTAL VOTE:		

SPECIAL COMMITTEE PUBLIC EMPLOYEE PENSIONS REFORM

3

Bill #: 580 Title: _____

PH Date: ____/____/____ Exec Session Date: 3, 24, 11

Motion: OTPA Amendment #: _____

MEMBER	YEAS	NAYS
Hawkins, Kenneth, Chairman	X	
Sedensky, John B, V Chairman	X	
Shuler, Wyman E	X	
Smith, William B		ABSENT
Moran, Edward P	X	
Kurk, Neal M		ABSENT
Winter, Steven J, Clerk	X	
Avard, Kevin A	X	
Cohn, Seth	X	
Waddell, James A <u>HOELL</u>	X	
Bowers, Spec	X	
Laware, Thomas W	X	
Shurtleff, Stephen J		X
Barody, Benjamin C		X
Long, Patrick T		X
Sullivan, Daniel J		X

10-4 PASSES

Committee Report

REGULAR CALENDAR

March 24, 2011

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Majority of the Committee on SPECIAL
COMMITTEE PUBLIC EMPLOYEE PENSIONS
REFORM to which was referred HB580-FN-L,**

**AN ACT relative to the New Hampshire retirement
system. Having considered the same, report the same
with the following amendment, and the
recommendation that the bill OUGHT TO PASS WITH
AMENDMENT.**

Rep. Kenneth Hawkins

FOR THE MAJORITY OF THE COMMITTEE

**MAJORITY
COMMITTEE REPORT**

Committee: **SPECIAL COMMITTEE PUBLIC EMPLOYEE
PENSIONS REFORM**
Bill Number: **HB580-FN-L**
Title: **relative to the New Hampshire retirement
system.**
Date: **March 24, 2011**
Consent Calendar: **NO**
Recommendation: **OUGHT TO PASS WITH AMENDMENT**

STATEMENT OF INTENT

This bill makes comprehensive changes to the New Hampshire Retirement System. These changes will ensure that the current employees as well as retirees will in fact be able to receive their pensions. The changes include increased employee contributions, changes in age to receive benefits, maximum benefit entitled to, and years worked to receive the benefit. We feel that this is good public policy, and will help strengthen the New Hampshire Retirement System going forward. We also feel that it will help with recruitment and retention of employees.

Vote 10-4

Rep. Kenneth Hawkins
FOR THE MAJORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

SPECIAL COMMITTEE PUBLIC EMPLOYEE PENSIONS REFORM

HB580-FN-L, relative to the New Hampshire retirement system. **OUGHT TO PASS WITH AMENDMENT.**

Rep. Kenneth Hawkins for the **Majority** of **SPECIAL COMMITTEE PUBLIC EMPLOYEE PENSIONS REFORM**. This bill makes comprehensive changes to the New Hampshire Retirement System. These changes will ensure that the current employees as well as retirees will in fact be able to receive their pensions. The changes include increased employee contributions, changes in age to receive benefits, maximum benefit entitled to, and years worked to receive the benefit. We feel that this is good public policy, and will help strengthen the New Hampshire Retirement System going forward. We also feel that it will help with recruitment and retention of employees. **Vote 10-4.**

Original: House Clerk
Cc: Committee Bill File

HB 580-FN-L

OTP/A

This bill makes comprehensive changes to the New Hampshire Retirement System. These changes will ensure that the current employees as well as retirees will in fact be able to receive their pensions. The changes include increased employee contributions, changes in age to receive benefits, maximum benefit entitled to, and years worked to receive the benefit. We feel that this is good public policy, and will help strengthen the New Hampshire Retirement System going forward. We also feel that it will help with recruitment and retention of employees.

Ken Hawkins

A handwritten signature in cursive script, appearing to read "Ken Hawkins", written in black ink.

10-4

SmartZone Communications Center

khawkins2@comcast.net

± Font size -

HB580 Blurb

From : khawkins2@comcast.net

Wed Mar 23 2011 9:11:48 PM

Subject : HB580 Blurb

To : khawkins2@comcast.net

HB580 – This bill makes comprehensive changes to the New Hampshire Retirement System. These changes will ensure that the current employees as well as retirees will in fact be able to receive their pensions. The changes include increased employee contributions, changes in age to receive benefits, maximum benefit entitled to, and years worked to receive the benefit. We feel that this is good public policy, and will help strengthen the New Hampshire Retirement System going forward. We also feel that it will help with recruitment and retention of employees.

Rep Ken Hawkins
Hills Cty 18

REGULAR CALENDAR

March 24, 2011

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Minority of the Committee on SPECIAL
COMMITTEE PUBLIC EMPLOYEE PENSIONS
REFORM to which was referred HB580-FN-L,**

**AN ACT relative to the New Hampshire retirement
system. Having considered the same, and being unable
to agree with the Majority, report with the following
Resolution: RESOLVED, That it is INEXPEDIENT TO
LEGISLATE.**

Rep. Stephen J Shurtleff

FOR THE MINORITY OF THE COMMITTEE

**MINORITY
COMMITTEE REPORT**

Committee: **SPECIAL COMMITTEE PUBLIC EMPLOYEE
PENSIONS REFORM**

Bill Number: **HB580-FN-L**

Title: **relative to the New Hampshire retirement
system.**

Date: **March 24, 2011**

Consent Calendar: **NO**

Recommendation: **INEXPEDIENT TO LEGISLATE**

STATEMENT OF INTENT

The minority firmly believes that this legislation should only apply to employees hired on or after the bills effective date. As was pointed out by a member of the committee, who voted with the majority, this bill (HB 580) allows "everyone moving forward to know what benefits are provided." Grand-fathering current employees would eliminate one possibility of the bill being challenged in court. It would also clear up the bills numbering system. But most importantly it would allow new employees to know exactly what benefits they can expect. While allowing current employees to finish their employment under the rules under which they were hired.

Rep. Stephen J Shurtleff
FOR THE MINORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

SPECIAL COMMITTEE PUBLIC EMPLOYEE PENSIONS REFORM

HB580-FN-L, relative to the New Hampshire retirement system. **INEXPEDIENT TO LEGISLATE.**

Rep. Stephen J Shurtleff for the **Minority** of SPECIAL COMMITTEE PUBLIC EMPLOYEE PENSIONS REFORM. The minority firmly believes that this legislation should only apply to employees hired on or after the bills effective date. As was pointed out by a member of the committee, who voted with the majority, this bill (HB 580) allows "everyone moving forward to know what benefits are provided." Grand-fathering current employees would eliminate one possibility of the bill being challenged in court. It would also clear up the bills numbering system. But most importantly it would allow new employees to know exactly what benefits they can expect. While allowing current employees to finish their employment under the rules under which they were hired.

Original: House Clerk

Cc: Committee Bill File

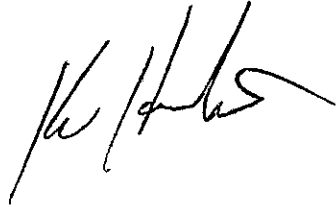
HB 580-FN-L

Minority

ITL

The minority firmly believes that this legislation should only apply to employees hired on or after the bills effective date. As was pointed out by a member of the committee, who voted with the majority, this bill (HB 580) allows "everyone moving forward to know what benefits are provided." Grand-fathering current employees would eliminate one possibility of the bill being challenged in court. It would also clear up the bills numbering system. But most importantly it would allow new employees to know exactly what benefits they can expect. While allowing current employees to finish their employment under the rules under which they were hired.

Stephen Shurtleff


A handwritten signature in black ink, appearing to read "S. Shurtleff", written over the printed name.

HB 580-FN-L

Minority

ITL

The minority firmly believes that this legislation should only apply to municipal employees hired on or after the bills effective date. As was pointed out by a member of the committee, who voted with the majority, this bill (HB 580) allows "everyone moving forward to know what benefits are provided." Grand-fathering current employees would eliminate one possibility of the bill being challenged in court. It would also clear up the bills numbering system. But most importantly it would allow new employees to know exactly what benefits they can expect. While allowing current employees to finish their ~~municipal~~ employment under the rules under which they were hired.

 Stephen Shurtleff



MINORITY REPORT

COMMITTEE: Special Committee on Public Employees Pension Reform

BILL NUMBER: HB 580

TITLE: Relative to the W.H. Retirement System.

DATE: March 24, 2011 CONSENT CALENDAR: YES NO

- OUGHT TO PASS
- OUGHT TO PASS W/ AMENDMENT
- INEXPEDIENT TO LEGISLATE
- INTERIM STUDY (Available only 2nd year of biennium)

Amendment No.

STATEMENT OF INTENT:

The Minority firmly believes that this legislation should only apply to ~~new~~ ~~municipal~~ employees hired on or after the ^{Bills} effective date. As was pointed out by a member of the committee, who voted with the majority, this bill (HB580) ~~is~~ allows "everyone moving forward ~~with~~ to know what benefits are provided." Grand-fathering current employees would eliminate one possibility of the bill being ~~is~~ ^{challenged} in court. It would also ~~clear up~~ the bills numbering system. But most importantly it would allow ~~the~~ new employees to know ~~what~~ exactly what benefits they can expect, while allowing current employees to finish their ^{W.H.} ~~municipal~~ employment

(over)

COMMITTEE VOTE: _____

RESPECTFULLY SUBMITTED,

• Copy to Committee Bill File

Rep. Stacy J. Shurtleff
For the Minority

under the rules under which they were hired.