

Committee Report

CONSENT CALENDAR

February 4, 2021

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on Executive Departments and Administration to which was referred HB 356,

AN ACT relative to the city of Manchester employees' contributory retirement system. Having considered the same, report the same with the recommendation that the bill OUGHT TO PASS.

Rep. Carol McGuire

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	Executive Departments and Administration
Bill Number:	HB 356
Title:	relative to the city of Manchester employees' contributory retirement system.
Date:	February 4, 2021
Consent Calendar:	CONSENT
Recommendation:	OUGHT TO PASS

STATEMENT OF INTENT

This bill makes a number of technical corrections and clarifications to the Manchester city retirement system. Most importantly, it allows the system to adopt newer versions of Internal Revenue Service codes by rule, rather than needing legislative approval. It also sets up a procedure to replace a trustee who cannot complete his term.

Vote 15-0.

Rep. Carol McGuire
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

CONSENT CALENDAR

Executive Departments and Administration

HB 356, relative to the city of Manchester employees' contributory retirement system. **OUGHT TO PASS.**

Rep. Carol McGuire for Executive Departments and Administration. This bill makes a number of technical corrections and clarifications to the Manchester city retirement system. Most importantly, it allows the system to adopt newer versions of Internal Revenue Service codes by rule, rather than needing legislative approval. It also sets up a procedure to replace a trustee who cannot complete his term. **Vote 15-0.**

Archived: Tuesday, April 20, 2021 9:15:16 AM
From: [Miriam Simmons](#)
Sent: Tuesday, April 20, 2021 9:08:34 AM
To: [Miriam Simmons](#)
Subject: HB 356 Blurbs, 2/8
Response requested: No
Importance: Normal

From: Carol McGuire <mcguire4house@gmail.com>
Sent: Tuesday, February 9, 2021 10:51 AM
To: [Miriam Simmons](#) <miriam.simmons@leg.state.nh.us>; [Pam Smarling](#) <Pam.Smarling@leg.state.nh.us>
Subject: Blurbs, 2/8

HB 356, Manchester retirement

OTP, 15-0, CC

This bill makes a number of technical corrections and clarifications to the Manchester city retirement system. Most importantly, it allows the system to adopt newer versions of IRS codes by rule, rather than needing legislative approval. It also sets up a procedure to replace a trustee who cannot complete his term.

Carol McGuire for the committee

Voting Sheets

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

EXECUTIVE SESSION on HB 356

BILL TITLE: relative to the city of Manchester employees' contributory retirement system.

DATE: February 4, 2021

LOB ROOM: Remote / Hybrid

MOTIONS: OUGHT TO PASS

Moved by Rep. McGuire

Seconded by Rep. Schultz

Vote: 15-0

CONSENT CALENDAR: YES

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep John Sytek, Clerk

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS & ADMINISTRATION

EXECUTIVE SESSION on Bill # HB 356

BILL TITLE: RELATIVE TO THE CITY OF MANCHESTER EMPLOYEES' CONTRIBUTORY RETIREMENT SYSTEM

DATE: 2-4-21

LOB ROOM: 306-308

MOTION: (Please check one box)

OTP ITL Retain (1st year) Adoption of
Amendment # _____
 Interim Study (2nd year) (if offered)

Moved by Rep. McGUIRE Seconded by Rep. SCHULTZ Vote: 15-0

MOTION: (Please check one box)

OTP OTP/A ITL Retain (1st year) Adoption of
Amendment # _____
 Interim Study (2nd year) (if offered)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

MOTION: (Please check one box)

OTP OTP/A ITL Retain (1st year) Adoption of
Amendment # _____
 Interim Study (2nd year) (if offered)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____


MOTION: (Please check one box)

OTP OTP/A ITL Retain (1st year) Adoption of
Amendment # _____
 Interim Study (2nd year) (if offered)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

CONSENT CALENDAR: YES NO

Minority Report? _____ Yes _____ No If yes, author, Rep: _____ Motion _____

Respectfully submitted: 
Rep. John Sytek, Clerk

OFFICE OF THE HOUSE CLERK



1/22/2021 9:57:48 AM
Roll Call Committee Register
Report

2021 SESSION

Executive Departments and Administration

Bill #: HB 356 Motion: OTP AM #: _____ Exec Session Date: 2-4-21

<u>Members</u>	<u>YEAS</u>	<u>Nays</u>	<u>NV</u>
McGuire, Carol M. Chairman	X		
Roy, Terry Vice Chairman	X		
Sytek, John Clerk	X		
Pearson, Stephen C.			X
Yakubovich, Michael	X		
Lekas, Tony	X		
Alliegro, Mark C.	X		
Bailey, Glenn			X
Lanzara, Tom E.	X		
Santonastaso, Matthew			X
Goley, Jeffrey P.	X		
Schuett, Dianne E.	X		
Jeudy, Jean L.	X		
Schmidt, Peter B.	X		
Schultz, Kristina M.	X		
Fellows, Sallie D.	X		
Fontneau, Timothy J. <u>LA BRANCHE</u>	X		
Grote, Jaci L.	X		X
O'Brien, Michael B.	X		X
TOTAL VOTE:			
	<u>15-0</u>		<u>4NV</u>

Hearing Minutes

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

PUBLIC HEARING ON HB 356

BILL TITLE: relative to the city of Manchester employees' contributory retirement system.

DATE: February 1, 2021

LOB ROOM: LOB Hybrid **Time Public Hearing Called to Order:** 1:30 p.m.

Time Adjourned: 1:35 p.m.

(please circle if present)

Committee Members: Reps. McGuire, Roy, Sytek, S. Pearson, Yakubovich, Lekas, Alliegro, Bailey, Lanzara, Santonastaso, P. Schmidt, Schaltz, Goley, *all* Judy, Schuett, Fellows, Fontneau, Grote, M. O'Brien

Bill Sponsors:

Rep. Long

TESTIMONY

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

HB 356 relative to the city of Manchester employees' contributory retirement system. (1:30/1:35)

Rep. Long introduced the bill and said that it fulfilled IRS and Treasury regulations regarding a vacancy of an elected Trustee in the board of trustees of the Manchester retirement system. There is presently no provision for filling such a vacancy except through a special election.

Gerard Fleury, the just-retired Executive Director of the Manchester retirement system, spoke in favor. This bill was a repeat of one last year which had been tabled because of the COVID situation. He described the bill as "purely administrative." He also said the bill permitted minor housekeeping changes in the system without going before the legislature. This followed from a private letter ruling from the IRS. He then answered committee questions.

Hearing adjourned at 1:35 p.m.

Respectfully submitted by,
Rep. John Sytek
Committee Clerk

**HB 356 relative to the city of Manchester employees' contributory retirement system.
(1:30/1:35)**

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House Remote Testify

Executive Departments and Administration Committee Testify List for Bill HB356 on 2

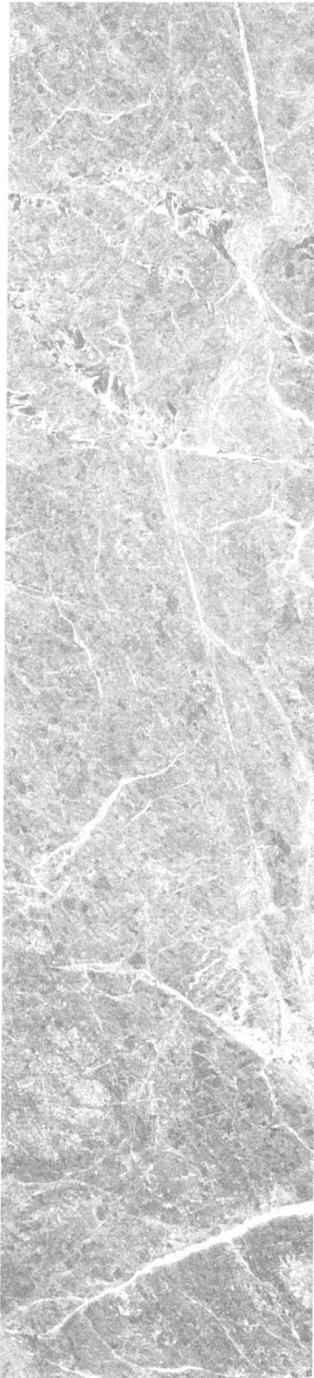
Support: 3 Oppose: 0 Neutral: 0 Total to Testify: 2

<u>Name</u>	<u>Email Address</u>	<u>Phone</u>	<u>Title</u>	<u>Representing</u>	<u>Position</u>	<u>Testifying</u>	<u>1</u>
LONG, REP. PAT	Long55@comcast.net	603.668.1037	An Elected Official	Constituents	Support	Yes (0m)	1
Fleury, Gerard	Gfleury@Manchesterretirement.org	603.340.3893	State Agency Staff	Myself	Support	Yes (0m)	1
Rathbun, Eric	ericrathbun@gmail.com	860.912.3751	A Member of the Public	Myself	Support	No	1

Testimony

**CITY OF
MANCHESTER
EMPLOYEES'
CONTRIBUTORY
RETIREMENT
SYSTEM**

1045 ELM ST. • SUITE 403
MANCHESTER, NH 03101-1824
PHONE (603) 624-6506
FAX (603) 624-6342



January 29, 2021

Carol McGuire – Chairman
Executive Departments & Administration
LOB Room 306
Concord, NH 03301

Dear Chairman McGuire & Members of the ED&A Committee

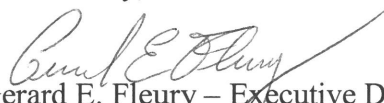
I am writing at the direction of the Board of Trustees of the Manchester Employees' Contributory Retirement System, (MECRS) to seek your support on HB 356 which is before your Committee.

In the 2020 session, there was a similar bill designated HB 1293, which made it through Committee with an "Ought to Pass". When COVID-19 brought the session to a halt, the bill was tabled so we sought reintroduction in the 2021 session.

HB 356 is purely administrative in nature and provides a means by which a trustee could be appointed to fill an unexpired term in the event that an elected trustee is unable or unwilling to complete an elected term of office. That same bill also contains technical changes to clarify the way in which our retirement plan satisfies its obligations under Federal Tax Law, in order to maintain the qualified tax status it has enjoyed since the Plan was established back in 1974.

In closing, after serving 17 years as the MECRS Executive Director, I retired on January 31st, and while a nationwide search was conducted in 2020 for my replacement, and a highly capable individual was hired in my place, it was felt that my firsthand history on this legislative initiative made me a logic choice to prepare this letter of request and to respond to any questions or concerns coming from the Committee.

Yours Truly,


Gerard E. Fleury – Executive Director Emeritus
Manchester Employees' Contributory Retirement System

Gfleury@ManchesterRetirement.org

cc: MECRS Board of Trustees
William Shea – Executive Director

**CITY OF
MANCHESTER
EMPLOYEES'
CONTRIBUTORY
RETIREMENT
SYSTEM**

1045 ELM ST. • SUITE 403
MANCHESTER, NH 03101-1824
PHONE (603) 624-6506
FAX (603) 624-6342



February 2, 2021

Honorable Board of Mayor & Aldermen
C/O Office of the City Clerk
One City Hall Plaza
Manchester, NH 03101

Honorable Members:

I am writing at the direction of the Board of Trustees of the Manchester Employees' Contributory Retirement System, (MECRS) to seek your support for a pair of legislative initiatives which were introduced but because of the COVID pandemic, not enacted in the 2020 session of the New Hampshire Legislature.

In the last session, these bills were identified as HB 1292 and HB 1293, which made it as far as House Committee hearings where they designated as "Ought to Pass". I had come before you in December of 2019 to seek your support for both measures, which you agreed to do. Because of the importance of these measures to the MECRS and to the City, I am writing again seeking your continued support for the reintroduced versions in the 2021 session of the Legislature, where they have been designated as HB 211-FN and HB 356 respectively.

As we stated last time, the Trustees have been carefully considering ways to enhance the financial strength of the MECRS while carefully balancing the future contribution obligations of employees and the City. After years of study, discussion and deliberation, with input from all of its professional advisors, the Board drafted legislation to accomplish these goals without significantly changing the MECRS or the employee financial burden. The Board is mindful that the MECRS is critical in helping the City attract and retain qualified employees. The four changes being sought by the first bill, HB 211-FN, which will only apply to those hired after passage of the legislation, will raise the normal retirement age from 60 to 62, increase employee pension contributions by 2 percent, reset the pension reduction factor to normal actuarial standards for those employees who elect to retire early, and base pension benefits on the average compensation earned over the employee's last five years rather than the current three years. The Board unanimously voted to enact these changes to strengthen the future financial security of the MECRS. It is expected that these changes will gradually increase the funded percentage of the MECRS over time and accelerate the amortization of the unfunded accrued liability by a year, saving the City \$14.8 million in the last year. As you may know, cities throughout the country are facing enormous financial challenges to fund and maintain their employee pension plans. The Board believes that by acting

In Board of Mayor and Aldermen

Date: 2/2/2021

On motion of Ald. Sapienza

Seconded by Ald. Roy

**Voted to support HB 211-FN and
HB 356.**

City Clerk

CITY OF
MANCHESTER
EMPLOYEES'
CONTRIBUTORY
RETIREMENT
SYSTEM

1045 ELM ST. • SUITE 403
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prudently and proactively now, the future prospects for the continued and enhanced financial strength of the MECRS can be significantly bolstered.

During the NH House's review of this measure last year, the Committee of Executive Departments & Administration, who heard the bill, added clarifying amendments to its structure. The MECRS had no issue with those amendments and they were incorporated into this year's bill.

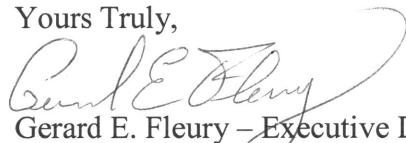
The second piece of legislation, HB 356, is purely administrative in nature and addresses how a replacement trustee is selected in the event that a trustee is unable or unwilling to complete an elected term of office. That same bill also contains technical changes to clarify the way in which our retirement plan satisfies its obligations under Federal Tax Law, in order to maintain the qualified tax status it has enjoyed since the Plan was established back in 1974.

We obtained sponsorship from Representative Patrick Long, as we did last year, for this pair of House Bills in the 2021 session of the legislature. Copies of both bills. (HB 211-FN and HB 356) are attached to this letter for your review.

The MECRS Board of Trustees respectfully requests your support of these bills since it will go a long way toward their passage in the House and Senate in the coming months.

In closing, for those of you who are not aware, after serving 17 years as the MECRS Executive Director, I retired on January 31st. After conducting a nationwide search in 2020, the MECRS Board of Trustees hired William Shea as the new Executive Director. I have worked with Bill Shea on the transition during the month of January and I believe the MECRS is in very capable hands.

Yours Truly,



Gerard E. Fleury – Executive Director Emeritus
Manchester Employees' Contributory Retirement System

cc: MECRS Board of Trustees
William Shea – Executive Director

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT revising certain benefit provisions in the city of Manchester employees contributory retirement system.

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

1 1 Manchester Retirement System; Definition; Final Average earnings. Amend 1973, 218:4, X as
2 amended by 2002, 194:1 to read as follows:

3 X. "Final average earnings" ***for members who commenced service before January 1,***
4 ***2022,*** means the greater of (a) the average annual earnings received by a member during the 3
5 highest calendar years during the 10 years preceding the member's normal retirement date, date of
6 actual retirement or date, of termination of employment, or (b) the average annual earnings received
7 by a member during the highest 36 consecutive calendar months during the 10 years preceding the
8 member's normal retirement date, date of actual retirement, or date of termination of employment.
9 The 3 highest years or highest 36 consecutive months shall be selected by the member, it being the
10 intent and purpose of this method of computing final average earnings to afford the highest benefits
11 to the member. If a member has not worked 10 years at the time of the commencement of benefits,
12 the benefit shall be based upon the earnings during the greater of the highest 36 consecutive months
13 or the 3 highest calendar years. [~~This section shall be effective for members whose retirement date~~
14 ~~is after January 1, 2003.~~] ***For members who commenced service on or after January 1, 2022,***
15 ***"final average earnings" means the greater of (a) the average annual earnings received by***
16 ***a member during the 5 highest calendar years during the 10 years preceding the member's***
17 ***normal retirement date, date of actual retirement, or date of termination of employment, or***
18 ***(b) the average annual earnings received by a member during the highest 60 consecutive***
19 ***calendar months during the 10 years preceding the member's normal retirement date, date***
20 ***of actual retirement, or date of termination of employment. The 5 highest years or highest***
21 ***60 consecutive months shall be selected by the member, it being the intent and purpose of***
22 ***this method of computing final average earnings to afford the highest benefits to the***
23 ***member. If a member has not worked 10 years at the time of the commencement of benefits,***
24 ***the benefit shall be based upon the earnings during the greater of the highest 60***
25 ***consecutive months or the 5 highest calendar years.***

26 2 Definitions; Normal Retirement Date. Amend 1973, 218:4, XIII as amended by 2002, 194:1
27 and 2002, 147:4 to read as follows:

28 XIII. "Normal retirement date" shall mean the first day of the month coinciding with or next
29 following a member's sixtieth birthday ***for members who commenced service before January 1,***

1 **2022, otherwise the first day of the month coinciding with or next following a member's**
2 **sixty-second birthday.**

3 3 Employees to Whom the Act Applies. Amend 1973, 218:7, III as amended by 2002, 194:1 and
4 2008, 90:3 to read as follows:

5 III. Any eligible employee in the employment of the city on January 1, 1974, who elected not
6 to participate shall only be admitted to the retirement system upon completion of an application for
7 participation, majority consent of the retirement board, passing a prescribed physical examination,
8 and completion of a service buyback. **Any such eligible employee who elects to participate**
9 **subsequent to January 1, 2022 shall participate under the retirement system statutory**
10 **provisions in effect for members who commenced service as of that date.**

11 4 Contributions by Employees. Amend 1973, 218:9, I as amended by 2002, 194:1 to read as
12 follows:

13 I. The rate of contributions by each member **who commenced service prior to January 1,**
14 **2022** shall be 3.75 percent of that portion of earnings received during each calendar year or portion
15 thereof; **otherwise the rate of contributions shall be 5.75 percent and continuing until such**
16 **time as the board of trustees certify to the executive director on the basis of an actuary's**
17 **valuation, which shall be based on sound actuarial funding methods, assumptions and**
18 **principals that the actuarial funded ratio of the Manchester's employees' contributory**
19 **retirement system has reached a 100 percent funding level. The contribution rate shall**
20 **return to 3.75 percent as of the start of the City's fiscal year immediately following the**
21 **board of trustee's certification of the 100 percent funding level.**

22 5 Service Buybacks. Amend 1973, 218:10, III, as amended by 2002, 194:1 and 2006, 115:4, to
23 read as follows:

24 III. A member who ceases to be a member, withdraws his or her member contributions
25 pursuant to section 11 of this act, and later becomes a member again, may make a request after the
26 member's return to city employment for service buyback of prior service credit for the previous time
27 served as a member. If a service buyback is not made, the member's benefit shall be based solely on
28 the member's years of service and final average earnings after the break in service. **For former**
29 **members who return to service on or after January 1, 2022, the cost of the buyback shall be**
30 **determined by dividing the value of refunded contributions by the contribution rate in**
31 **effect during their withdrawn period of service, multiplying the results by the contribution**
32 **rate in effect under paragraph I of section 9, and then applying interest at the rate in effect**
33 **as determined by the board. Members who withdrew more than 5 years of service earned**
34 **prior to January 1, 2022, who return to service on or after January 1, 2022 shall pay**
35 **member contributions at the contribution rate in effect under paragraph I of section 9 for**
36 **other new hires, however, the returning member shall retain his or her original normal**
37 **retirement age of 60, and will have their earnings averaged over 3 years for benefit**

1 *calculation purposes. Former members who return to service on or after January 1, 2022*
2 *who withdrew with less than 5 years of service earned prior to January 1, 2022 shall be*
3 *subject to the 5-year earnings average and a normal retirement age of 62.*

4 6 Retirement Benefits Amend 1973, 218:12, I, as amended by 2002, 147:5 and 2002, 194:1 to
5 read as follows:

6 I. Any member *who commenced service prior to January 1, 2022*, who either has
7 attained the age of 60 years or having been in the service of the city on January 1, 1974, has
8 completed at least 20 years of service, shall be eligible for a normal retirement benefit under the
9 provisions of this act. *Any member who commenced service on or after January 1, 2022, who*
10 *has attained the age of 62 years, shall be eligible for a normal retirement benefit under the*
11 *provisions of this act.* Any such member may retire by filing with the retirement board a written
12 statement duly attested setting forth at what time subsequent to the date of filing thereof, the
13 member desires to be retired, or the retirement board may, at its option, retire any such eligible
14 member, furnishing written notice thereof at least 60 calendar days in advance of the specified date
15 of such retirement.

16 7 Rehirees. Amend 1973, 218:12, III, as amended by 2002, 194:1 to read as follows:

17 III. The retirement system shall not pay retirement or disability benefits to city employees
18 who again become eligible to participate in the retirement system under the act. A member shall
19 notify the retirement system of the member's rehire immediately. Upon rehire after a period of
20 termination, all disbursements under the plan to that member shall cease and the member shall
21 resume making contributions to the retirement fund *at the contribution rate in effect at*
22 *resumption of city service* as of the first pay period following the member's rehire. Rehired
23 members shall have their benefits determined in accordance with section 13 of this act.

24 8 Normal Retirement; Pension Payable. Amend the introductory paragraph of 1973, 218:12, V,
25 as amended by 2002, 194:1 to read as follows:

26 V. Members who qualify for a normal retirement benefit shall receive an annual pension
27 payable during the member's lifetime *and determined by the member's initial commencement*
28 *of service date*, in an amount equal to the sum of:

29 9 Restoration to Service Benefits. Amend 1973, 218:13, as amended by 2002, 194:1 to read as
30 follows:

31 218:13 Restoration to Service Benefits.

32 I. If a formerly disabled member or any other member who has commenced receiving
33 benefits from the retirement system again becomes eligible to participate, the member's benefits
34 shall cease. The member shall resume making contributions to the retirement fund *at the*
35 *contribution rate in effect at resumption of city service* and the member shall become eligible
36 to receive a normal retirement benefit determined in accordance with this section.

1 II. A member whose benefit is governed by this section shall receive a normal retirement
 2 benefit equal to the sum of (a) the benefit calculated based on years of service and final average
 3 earnings prior to the ~~[break in]~~ **resumption of** service and (b) the benefit calculated based on years
 4 of service and final average earnings after the ~~[break in]~~ **resumption of** service. If a member has
 5 less than ~~[3 years of service]~~ **the required number of years used to calculate final average**
 6 **earnings under the retirement system statutory provisions in effect at the member's initial**
 7 **date of hire** after the break in service, the member's benefit after the break in service shall be based
 8 upon the earnings of the member for all weeks of service until the retirement date, divided by the
 9 number of weeks of service and multiplied by 52.

10 10 Early Retirement Option. Amend 1973, 218:14, I, as amended by 2002, 147:6 and 2002,
 11 194:1 to read as follows:

12 I. Each member **who commenced service before January 1, 2022**, whose age plus years
 13 of service equal 80, or who attains age 55 with a minimum of 20 years of service, may have the
 14 option, to be exercised by a written notice to the retirement board, to retire at any time thereafter,
 15 prior to the member's normal retirement date. The amount of retirement benefits payable to such
 16 retired member shall be computed as provided in section 12 of this act, except that the date of such
 17 early retirement shall be used in determining the member's service, and the amount thus obtained
 18 will be reduced for each month by which the date on which benefits commence precedes the month
 19 after which the member attains 60 years of age by 1/6 of one percent. **Each member who**
 20 **commenced service on or after January 1, 2022, whose age plus years of service equal 80, or**
 21 **who attains age 55 with a minimum of 20 years of service, may have the option, to be**
 22 **exercised by a written notice to the retirement board, to retire at any time thereafter, prior**
 23 **to the member's normal retirement date. The amount of retirement benefits payable to**
 24 **such retired member shall be computed as provided in section 12 of this act, except that the**
 25 **date of such early retirement shall be used in determining the member's service, and the**
 26 **amount thus obtained will be reduced for each month by which the date on which benefits**
 27 **commence precedes the month after which the member attains 62 years of age by 7/12 of one**
 28 **percent.**

29 11 Disability Benefits. Amend 1973, 218:15, III, as amended by 2002, 194:1 to read as follows:

30 III. If such total disability is shown, to the satisfaction of the retirement board, to have been
 31 sustained during the performance of duties pertaining to the member's employment by the city, the
 32 member shall be entitled to retirement for disability irrespective of the duration of employment. In
 33 order for a member to receive disability benefits under this section, the member shall submit an
 34 application for disability benefits within 60 days of termination of employment. However, any
 35 member receiving a disability benefit on account of total and permanent disability sustained during
 36 the performance of duties pertaining to employment by the city, as provided herein, shall receive a
 37 benefit equal to the greater of the sum of the amounts determined in accordance with (a) and (b) of

1 paragraph II, or 50 percent of final average earnings. If a member ***commenced service prior to***
2 ***January 1, 2022 and*** has less than 3 years of service at the time of becoming totally disabled in the
3 performance of duties pertaining to the member's employment by the city, the member's pension
4 shall be based upon the member's annualized disability earnings. ***If a member commenced***
5 ***service on or after January 1, 2022 and has less than 5 years of service at the time of***
6 ***becoming totally disabled in the performance of duties pertaining to the member's***
7 ***employment by the city, the member's pension shall be based upon the member's annualized***
8 ***disability earnings.*** The disabled member may also receive his or her disability benefit in the form
9 of a contingent annuity as described in section 17.

10 12 Accidental Death Benefits. Amend 1973, 218:16, I(a), as amended by 2002, 194:1; 2003, 16:1;
11 and 2011, 21:1 to read as follows:

12 (a) If, upon the receipt by the board of trustees of proper proof of the death of a member
13 in service indicating that such death was the natural and proximate result of an accident occurring
14 while in the performance of duty at some definite time and place, the board decides that death was
15 the result of an accident in the performance of duty and not caused by the member's own gross
16 negligence, recklessness, or willful misconduct, the member's surviving spouse shall be entitled to
17 the larger of an annual benefit equal to 50 percent of the member's final average earnings paid in
18 equal monthly installments or a monthly benefit computed according to the member's creditable
19 service and final average earnings for the 100 percent contingent annuitant option inclusive of the
20 early retirement reduction ***set forth in section 14 of this act*** [~~of 2 percent per year~~] ***which***
21 ***corresponds with the member's service commencement date,*** for each year prior to member's
22 normal retirement age. In lieu of either option, the member's surviving spouse may instead elect a
23 lump sum payment as described in paragraph I(c).

24 13 Ordinary Death Benefits. Amend 1973, 218:16, II(b) and (c), as amended by 2002, 194:1;
25 2003, 16:1; and 2011, 21:1 to read as follows:

26 (b) If at the time of death, the member has at least 5 years of creditable service or
27 qualifies to retire under the retirement provisions of section 12 or section 14 of this act, and has a
28 spouse, the member's spouse shall be entitled to receive a monthly lifetime benefit equal to the
29 greater of either 50 percent of the service retirement benefit straight life option without reduction
30 that would have been payable to the member had they been eligible to retire immediately prior to
31 death based upon final average earnings and creditable service or, a monthly benefit computed
32 according to the member's creditable service and final average earnings for the 100 percent
33 contingent annuitant option inclusive of the early retirement reduction of 2 percent per year for each
34 year prior to the member's normal retirement age ***for members who commenced service prior to***
35 ***January 1, 2022, otherwise 7 percent per year for each year prior to the member's normal***
36 ***retirement age.*** In lieu of either option, the surviving spouse may instead elect a lump sum equal
37 to the deceased member's annual base salary at the time of death, in addition to a refund of the

1 member's contributions plus regular interest until date of payment as provided under section 11,
2 paragraph I.

3 (c) If at the time of death, the member *commenced service prior to January 1, 2022,*
4 *and* has at least 5 years of creditable service or qualifies to retire under the retirement provisions of
5 section 12 or section 14 of this act, but is not survived by a spouse, and has designated his or her
6 child or children under age 18 as his or her beneficiary or beneficiaries, there shall be payable
7 divided in such manner as the board in its discretion shall determine, to continue for the benefit of
8 such child or children under said age until every child dies or attains age 18, the greater of either 50
9 percent of the service retirement benefit straight life option without reduction that would have been
10 payable to the member had they been eligible to retire immediately prior to death based upon final
11 average earnings and creditable service or, a monthly benefit computed according to the member's
12 creditable service and final average earnings for the 100 percent contingent annuitant option
13 inclusive of the early retirement reduction of 2 percent per year for each year prior to member's
14 normal retirement age *for members who commenced service prior to January 1, 2022,*
15 *otherwise 7 percent per year,* or, a lump sum equal to the deceased member's annual base salary
16 at the time of death, in addition to a refund of contributions plus regular interest until the date of
17 payment as provided under section 11, paragraph I.

18 14 Effective Date. This act shall take effect January 1, 2022.

**HB 211-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT revising certain benefit provisions in the city of Manchester employees contributory retirement system.

FISCAL IMPACT: State County Local None

LOCAL:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease

METHODOLOGY:

The Manchester Employees' Contributory Retirement System states this bill will reallocate the future cost of operating Manchester's locally controlled and funded employee retirement plan between prospective plan participants and the employer. There will be no fiscal impact on state, county or other local revenue or expenditures.

The proposed changes will only apply to those participants who commence service on or after January 1, 2022 and will not impact any existing plan participants. Proposed changes include the following:

- Normal retirement age will increase from 60 to 62;
- Early retirement reduction changes from 1/6 of 1% per month before normal retirement age to 7/12 of 1%;
- Final Average Earnings 3 year period will increase to 5 years;
- Member contribution rate will increase from 5% to 7%

The reduction in future benefit entitlements will improve the funded ratio of the system and accelerate the accrued liability amortization period by approximately one year, resulting in a projected savings of 3.1% of payroll over the next 20 years, reflecting the reduction in the employer normal cost. The estimates for these calculations are provided from an actuarial report dated September 7, 2018 and based on a valuation as of December 31, 2017, with the following assumptions: rate of return is 7.00%, wage inflation of 2.75%, payroll growth of 2.75%, with a level percent of payroll, 22 year (remaining) closed valuation period, and individual entry age cost method.

AGENCIES CONTACTED:

Manchester Employees' Contributory Retirement System

HB 356 - AS INTRODUCED

2021 SESSION

21-0384

10/08

HOUSE BILL **356**

AN ACT relative to the city of Manchester employees' contributory retirement system.

SPONSORS: Rep. Long, Hills. 10

COMMITTEE: Executive Departments and Administration

ANALYSIS

The bill makes administrative changes and clarifications to the employees' contributory retirement system of the city of Manchester, including compliance with the applicable provisions of the Internal Revenue Code and related Treasury regulations, expanding the options available to the system's board whenever an elected trustee become unwilling or incapable of completing their term of election, and other technical changes.

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 Twenty One

AN ACT relative to the city of Manchester employees' contributory retirement system.

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

1 1 Manchester Employees' Contributory Retirement System; Internal Revenue Code
2 Qualification. Amend 1973, 218:3 as amended by 2002, 194:1 to read as follows:

3 218:3 Internal Revenue Code Qualification. The retirement system established in this act is
4 intended to create a tax-qualified governmental retirement plan under sections 401(a) and 414(d) of
5 the Code as amended. ***The applicable provisions of the retirement system necessary to***
6 ***comply with all qualification requirements of the Code, the applicable Treasury***
7 ***Regulations, and other Internal Revenue Service guidance and pronouncements shall be***
8 ***set forth in this statute and the retirement system administrative rules.***

9 2 Definition; Earnings. Amend 1973, 218:4 as amended by 2002, 194:1 to read as follows:

10 VIII. "Earnings" means the total salary or wages of a member for the member's employment
11 with the city, including all grants and allowances for maintenance at such figures as may be
12 determined by the retirement board. For members whose retirement date is after July 1, 1996, and
13 members who on July 1, 1996 and thereafter terminated city employment and elected to defer their
14 benefits until their normal retirement date but had not yet reached their normal retirement date,
15 earnings shall include unused sick time included in the member's salary or wages at the member's
16 date of termination of city employment. For members whose retirement date is after December 1,
17 1997, and members who on December 1, 1997 and thereafter terminated city employment and
18 elected to defer their benefits until their normal retirement date but had not yet reached their
19 normal retirement date, earnings shall include unused vacation time included in the member's
20 salary or wages at their date of termination of city employment. ***The determination of earnings***
21 ***and final average earnings shall at all times be made in accordance with section 415 of the***
22 ***Code, and the related Treasury Regulations, the applicable provisions of which shall be set***
23 ***forth in the administrative rules. Beginning January 1, 2009, to the extent required by***
24 ***sections 401(h) and 414(u)(12) of the Code, any differential wage payments to a member***
25 ***from an employer (while the individual is performing qualified military service as defined***
26 ***in Chapter 43 of Title 38, United States Code) shall be treated as compensation for***
27 ***purposes of applying the limits on annual additions under Code section and for purposes***
28 ***of determining earnings and final average earnings.***

29 3 Board Vacancy. Amend 1973, 218:5 IV as amended by 2002, 194:1 and 2003, 102:2 to read as
30 follows:

1 IV. In the event of a vacancy on the retirement board, such vacancy shall be filled in the
2 same manner as the member to be succeeded was appointed or elected and for the remainder of the
3 unexpired term. Any person who is vacating a trustee position on the board may, if the trustee's
4 circumstances permit, continue to represent the membership as a trustee [~~for a period not to exceed~~
5 ~~6 months~~] **until the next regularly scheduled trustee election**, or, until a successor is appointed
6 or elected, whichever period is shortest. ***In the event that an elected trustee is unwilling or***
7 ***incapable of completing the year in which they cease to be a member, the retirement board***
8 ***may appoint an individual, as defined in section 5, paragraph I, to complete the calendar***
9 ***year.***

10 4 Contributions by the City; Actuarial Assumptions. Amend 1973, 218:8 as amended by 2002,
11 194:1 to read as follows:

12 218:8 Contributions by the City. The city shall appropriate annually to the retirement board the
13 amounts required to fund the benefits set forth in the act as determined by the retirement board on
14 the basis of an actuary's valuation, which shall be based on sound actuarial funding methods,
15 assumptions, and principles. ***The actuarial assumptions used by the actuary shall be in***
16 ***conformity with the requirements of the Code and the related Treasury Regulations and***
17 ***shall be set forth in the administrative rules.***

18 5 Retirement Benefits; Payments. Amend 1973, 218:12 IV as amended by 2002, 194:1 and 2006,
19 115:1 to read as follows:

20 IV. Notwithstanding any provision of this act, the maximum pension payment payable to
21 any member or beneficiary shall be limited to such extent as may be necessary to comply with the
22 requirements of sections 401(a)(16), 401(a)(17) and 415 of the Code. The retirement benefits payable
23 hereunder shall be made in the form, at such time and otherwise in compliance with the distribution
24 and rollover requirements of sections 402(c), 401(a)(9), and 401(a)(31) of the Code ***and the related***
25 ***Treasury Regulations the applicable provisions of which shall be set forth in the***
26 ***administrative rules.*** Member contributions and benefit upgrade purchases shall be made in
27 conformity with section 415 of the Code ***and the related Treasury Regulations the applicable***
28 ***provisions of which shall be set forth in the administrative rules.***

29 6 New Paragraph; Benefits Upon Death of a Member. Amend 1973, 218:16 as amended by 2002,
30 194:1 by inserting after paragraph III the following new paragraph:

31 IV. Death During Military Service. Effective with respect to deaths occurring on or after
32 January 1, 2007, while a member is performing qualified military service (as defined in Chapter 43
33 of Title 38, United States Code), death benefits shall be provided to the survivors of a member to the
34 extent required by section 401(a)(37) of the Code.

35 7 Review of Retirement Board Orders; Time. Amend 1973, 218:26, I as amended by 2002, 194:1
36 to read as follows:

HB 356 - AS INTRODUCED

- Page 3 -

1 I. Any member aggrieved by a decision of the retirement board denying the benefits
2 provided by this act may request a hearing by filing a written petition no later than 45 days after the
3 date of the decision. The petition shall include the name and address of the member, the denial of
4 benefits being contested, legal basis on which the denial is being contested, and any documentation
5 or exhibits which support the member's position. The retirement board shall grant or deny the
6 hearing request [~~within 14 days of the member's request~~] **at its next scheduled meeting**. The
7 rules and procedures for all hearings shall be set forth in the administrative rules.

8 8 Medical Insurance Coverage. Amend 1973, 218:28, II as amended by 2002, 194:1 to read as
9 follows:

10 II. Member contributions toward this subsidy shall be funded by an increase in the member
11 contribution rate established pursuant to section 218:9, I by 1.25 percent. [~~Under no circumstances~~
12 ~~shall a member be entitled to a refund of contributions made to the Section 401(h) subtrust.~~]
13 Notwithstanding any other provisions of chapter 218 to the contrary, members shall not be entitled
14 to a refund of contributions made to the Section 401(h) subtrust. The city shall fund the remaining
15 cost of funding the 401(h) subtrust based on methods and assumptions determined by the board.
16 Any contribution made by the city intended to fund the 401(h) subtrust shall be so designated. Any
17 transfers of retirement system assets to the 401(h) subtrust shall be limited to excess assets as
18 defined in Internal Revenue Code Section 420(e)(2). All such transfers must be made in accordance
19 with Internal Revenue Code Section 420 and all applicable Treasury regulations.

20 9 Effective Date. This act shall take effect upon its passage.

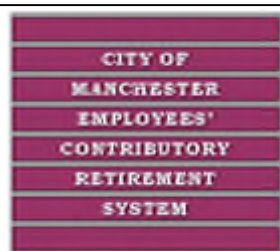
Archived: Wednesday, April 7, 2021 11:58:23 AM
From: Gerard Fleury
Sent: Thursday, January 28, 2021 1:36:20 PM
To: ~House Executive Departments and Administration
Subject: Supporting document for HB 356
Importance: Normal
Attachments:
Letter to ED&A for HB 356.pdf ;

Please find the attached document in support of HB 356 scheduled for hearing On February 1st.

Gerard E. Fleury - Executive Director

Manchester Employees' Contributory Retirement System
1045 Elm Street - Suite 403
Manchester, NH 03101-1824

Tel. 603-624-6506



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Archived: Wednesday, April 7, 2021 11:58:23 AM
From: [Miriam Simmons](#)
Sent: Tuesday, March 9, 2021 6:45:23 PM
To: ~House Executive Departments and Administration
Cc: [Pam Smarling](#)
Subject: Manchester Employees' Contributory Retirement System - HB 211 & HB 356
Response requested: No
Importance: High

From: Carol McGuire <mcguire4house@gmail.com>
Sent: Tuesday, March 9, 2021 3:20 PM

Subject: Fwd: Manchester Employees' Contributory Retirement System - HB 211 & HB 356

for the committee

----- Forwarded message -----

From: **William Shea** <wshea@manchesterretirement.org>
Date: Tue, Mar 9, 2021 at 12:26 PM
Subject: RE: Manchester Employees' Contributory Retirement System - HB 211 & HB 356
To: carol@mcguire4house.com <carol@mcguire4house.com>
Cc: Pat Long <long55@comcast.net>

Hi Carol. As you know, the House ED&A Committee wanted the MECRS Board of Trustees to either reaffirm or withdraw their support for HB 211 prior to 3/11/2021. **The Board of Trustees met today and voted to withdraw support for the bill, by a vote of 4-1.**

Please let me know if you have any questions.

Thanks, Carol.

Sincerely,

Bill

Bill Shea - Executive Director

Manchester Employees' Contributory Retirement System
1045 Elm Street - Suite 403
Manchester, NH 03101-1824

Tel. 603-624-6506

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From: William Shea

Sent: Wednesday, February 3, 2021 12:51 PM

To: carol@mcguire4house.com

Cc: Pat Long <long55@comcast.net>; Gerard Fleury <muddjelly@aol.com>

Subject: Manchester Employees' Contributory Retirement System - HB 211 & HB 356

Hi Carol.

My name is Bill Shea and I am the new Executive Director for the Manchester Employees' Contributory Retirement System (MECRS). Last night the Manchester Board of Mayor and Alderman voted to support these two bills. Please see the attached certification.

Please let me know if you have any questions.

I am copying Representative, Pat Long, and the Executive Director Emeritus of MECRS, Gerry Fleury, on this email.

Thank you!

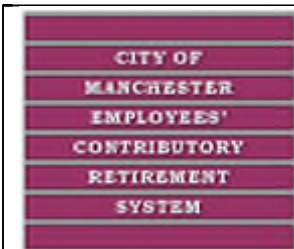
Sincerely,

Bill

Bill Shea - Executive Director

Manchester Employees' Contributory Retirement System
1045 Elm Street - Suite 403
Manchester, NH 03101-1824

Tel. 603-624-6506



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Archived: Wednesday, April 7, 2021 11:58:23 AM

From: [Miriam Simmons](#)

Sent: Wednesday, April 7, 2021 9:01:40 AM

To: [Miriam Simmons](#)

Subject: HB 356

Response requested: No

Importance: Normal

Attachments:

Pension HB 211 & HB356.pdf ;

From: Carol McGuire <mcguire4house@gmail.com>

Sent: Wednesday, February 3, 2021 1:03 PM

To: [Miriam Simmons](#) <miriam.simmons@leg.state.nh.us>; [Pam Smarling](#) <Pam.Smarling@leg.state.nh.us>

Subject: Fwd: Manchester Employees' Contributory Retirement System - HB 211 & HB 356

Please distribute.

Carol

----- Forwarded message -----

From: **William Shea** <wshea@manchesterretirement.org>

Date: Wed, Feb 3, 2021 at 12:51 PM

Subject: Manchester Employees' Contributory Retirement System - HB 211 & HB 356

To: carol@mcguire4house.com <carol@mcguire4house.com>

CC: Pat Long <long55@comcast.net>, Gerard Fleury <muddjelly@aol.com>

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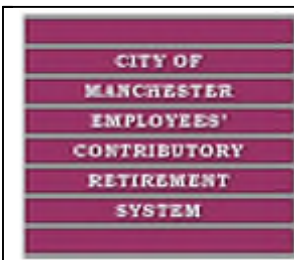
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Bill Shea - Executive Director

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Bill as
Introduced

HB 356 - AS INTRODUCED

2021 SESSION

21-0384

10/08

HOUSE BILL **356**

AN ACT relative to the city of Manchester employees' contributory retirement system.

SPONSORS: Rep. Long, Hills. 10

COMMITTEE: Executive Departments and Administration

ANALYSIS

The bill makes administrative changes and clarifications to the employees' contributory retirement system of the city of Manchester, including compliance with the applicable provisions of the Internal Revenue Code and related Treasury regulations, expanding the options available to the system's board whenever an elected trustee become unwilling or incapable of completing their term of election, and other technical changes.

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6 ***comply with all qualification requirements of the Code, the applicable Treasury***
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21 ***and final average earnings shall at all times be made in accordance with section 415 of the***
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3 unexpired term. Any person who is vacating a trustee position on the board may, if the trustee's
4 circumstances permit, continue to represent the membership as a trustee [~~for a period not to exceed~~
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22 requirements of sections 401(a)(16), 401(a)(17) and 415 of the Code. The retirement benefits payable
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24 and rollover requirements of sections 402(c), 401(a)(9), and 401(a)(31) of the Code ***and the related***
25 ***Treasury Regulations the applicable provisions of which shall be set forth in the***
26 ***administrative rules.*** Member contributions and benefit upgrade purchases shall be made in
27 conformity with section 415 of the Code ***and the related Treasury Regulations the applicable***
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29 6 New Paragraph; Benefits Upon Death of a Member. Amend 1973, 218:16 as amended by 2002,
30 194:1 by inserting after paragraph III the following new paragraph:

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HB 356 - AS INTRODUCED

- Page 3 -

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11 contribution rate established pursuant to section 218:9, I by 1.25 percent. [~~Under no circumstances~~
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15 cost of funding the 401(h) subtrust based on methods and assumptions determined by the board.
16 Any contribution made by the city intended to fund the 401(h) subtrust shall be so designated. Any
17 transfers of retirement system assets to the 401(h) subtrust shall be limited to excess assets as
18 defined in Internal Revenue Code Section 420(e)(2). All such transfers must be made in accordance
19 with Internal Revenue Code Section 420 and all applicable Treasury regulations.

20 9 Effective Date. This act shall take effect upon its passage.