

CONSENT CALENDAR

April 14, 2022

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on Executive Departments and Administration to which was referred SB 363-FN,

AN ACT relative to service credit for certain group II retirement eligibility. Having considered the same,

report the same with the recommendation that the bill OUGHT TO PASS.

Rep. John Sytek

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	Executive Departments and Administration
Bill Number:	SB 363-FN
Title:	relative to service credit for certain group II retirement eligibility.
Date:	April 14, 2022
Consent Calendar:	CONSENT
Recommendation:	OUGHT TO PASS

STATEMENT OF INTENT

This bill is a step in the direction of fairness. In 2011, the legislature enacted a pension reform bill. This resulted in Group II participants who were not yet vested in years-of-service being required to work an additional five years to reach full retirement. This change effectively changed a benefit offered at the time of hire. It was felt that this was particularly unfair to those who were very close to vested status. This bill would permit affected members of Group II the ability to "buy time" so that they could either retire or continue in service on the basis as originally understood. There would be no cost to the NH retirement system since those exercising this option would bear the entire actuarial cost of this benefit.

Vote 12-1.

Rep. John Sytek
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

CONSENT CALENDAR

Executive Departments and Administration

SB 363-FN, relative to service credit for certain group II retirement eligibility. **OUGHT TO PASS.**
Rep. John Sytek for Executive Departments and Administration. This bill is a step in the direction of fairness. In 2011, the legislature enacted a pension reform bill. This resulted in Group II participants who were not yet vested in years-of-service being required to work an additional five years to reach full retirement. This change effectively changed a benefit offered at the time of hire. It was felt that this was particularly unfair to those who were very close to vested status. This bill would permit affected members of Group II the ability to "buy time" so that they could either retire or continue in service on the basis as originally understood. There would be no cost to the NH retirement system since those exercising this option would bear the entire actuarial cost of this benefit. **Vote 12-1.**

Original: House Clerk

Cc: Committee Bill File

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

EXECUTIVE SESSION on SB 363-FN

BILL TITLE: relative to service credit for certain group II retirement eligibility.

DATE: April 8, 2022

LOB ROOM: 302-304

MOTIONS: OUGHT TO PASS

Moved by Rep. Sytek

Seconded by Rep. Grote

Vote: 12-1

CONSENT CALENDAR: YES

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep John Sytek, Clerk



2022 SESSION

Executive Departments and Administration

Bill #: SB 363 Motion: OTP AM #: _____ Exec Session Date: 4-8-22

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

12-1

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

PUBLIC HEARING ON SB 363-FN

BILL TITLE: relative to service credit for certain group II retirement eligibility.

DATE: April 8, 2022

LOB ROOM: 302-304 **Time Public Hearing Called to Order:** 10:45 a.m.

Time Adjourned: 11:50 a.m.

Committee Members: Reps. McGuire, Rhodes, Sytek, Yakubovich, T. Lekas, Alliegro, Bailey, Goley, P. Schmidt, Jeudy, Schuett, Fellows, Grote, O'Brien and Marsh

Bill Sponsors:

Sen. D'Allesandro
Rep. Goley

Sen. Bradley
Rep. Umberger

Sen. Cavanaugh
Rep. Wall

TESTIMONY

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

Rep. Goley introduced the bill on behalf of Sen. D'Allesandro, who arrive moments later.

Jim Demers, lobbyist for both the NH Police Ass'n and the NH Troopers Ass'n, spoke in favor and explained the bill. Its intention was to enable the middle tier of Group II to purchase service time above the 20-year mark. He defined the three tiers of Group II. He said that this bill would help with the retention problem. The senate amendment would require the individual to pick up the entire actuarial cost, i.e. no cost to the state or local government. He answered Committee questions.

Sen. D'Allesandro, prime sponsor, spoke in favor. He emphasized the retention problem and the consequences of vacancies in state government and that there would be no cost to government. There was a Committee question about whether the cost needed to pay at one time. He answered Committee questions.

Marty Karlon, NHRS, said that NHRS was not taking a position on the bill, distributed a hand out. He gave examples of how the procedure would work and provided a detailed explanation. He took Committee questions.

Claudia Cass, representing herself, spoke in favor. She described her personal situation and said that the situation was unfair. She described a recent event with an inmate which indicated to her that she cannot physically work for another 8 years. She said that this would be worth it to her. She took Committee questions.

Joseph Ebert, a Major with the State Police, but representing himself spoke in favor. He described his personal history, his hiring package, and his situation – 7 months short of vesting. He felt that this bill struck a good balance.

Fran Swirko, Parole and Probation officer – Manchester office, President of the Parole and Probation Association and Board member of the NH Police Association, spoke in favor. He described his personal situation and referred to the retention issue. He felt that NH had been an attractive place for out-of-state law enforcement personnel due to NH retirement.

Seifu Regassa, President of the NH PPO Ass'n spoke in favor. He felt that, while not fair, is better than the present situation. He was 2 months away from vesting when the retirement reform was enacted.

Mike Geha, Salem detective, President of the NH Police Ass'n spoke in favor. He said that the applicant pool was very small. He feels that this bill was a "small tool" in retaining police personnel.

House Remote Testify

Executive Departments and Administration Committee Testify List for Bill SB363 on 2022-04-08

Support: 7 Oppose: 0 Neutral: 0 Total to Testify: 0

[Export to Excel](#)

<u>Name</u>	<u>City, State</u> <u>Email Address</u>	<u>Title</u>	<u>Representing</u>	<u>Position</u>	<u>Testifying</u>	<u>Non-Germane</u>	<u>Signed Up</u>
Cavanaugh, Senator Kevin	Manchester, NH kevin.cavanaugh@leg.state.nh.us	An Elected Official	Myself	Support	No	No	4/4/2022 7:31 AM
Bradley, Jeb	SD3, NH jeb.bradley@leg.state.nh.us	An Elected Official	SD3	Support	No	No	4/6/2022 9:35 AM
Brackett, Glenn	Hooksett, NH communications@nhaficio.org	A Lobbyist	NH AFL-CIO	Support	No	No	4/6/2022 2:48 PM
Karoul, Brian	Londonderry, NH briankaroul@gmail.com	A Member of the Public	Myself	Support	No	No	4/6/2022 6:47 PM
Berube, Aaron	Northwood, NH exeterlines@gmail.com	A Member of the Public	Myself	Support	No	No	4/7/2022 12:28 PM
Rataj, Charles	Hinsdale, NH crataj@pd.hinsdale.nh.gov	A Member of the Public	Hinsdale Police Department	Support	No	No	4/7/2022 3:33 PM
Ryll, Brian	Concord, NH brian@pffnh.org	A Lobbyist	Professional Fire Fighters of New Hampshire	Support	No	No	4/8/2022 2:28 PM

SB 363-FN - AS AMENDED BY THE SENATE

03/17/2022 1112s
03/31/2022 1265s

2022 SESSION

22-2868
10/04

SENATE BILL

363-FN

AN ACT

relative to service credit for certain group II retirement eligibility.

SPONSORS:

Sen. D'Allesandro, Dist 20; Sen. Bradley, Dist 3; Sen. Cavanaugh, Dist 16; Rep. Goley, Hills. 8; Rep. Umberger, Carr. 2; Rep. Wall, Straf. 6

COMMITTEE:

Executive Departments and Administration

ANALYSIS

This bill allows certain retirement system members to purchase nonqualified service time as group II creditable service in order to reduce certain transition provision requirements for retirement.

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 363-FN - AS AMENDED BY THE SENATE

03/17/2022 1112s
03/31/2022 1265s

22-2868
10/04

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Two

AN ACT relative to service credit for certain group II retirement eligibility.

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

1 1 New Paragraph; Retirement System; Creditable Service. Amend RSA 100-A:4 by inserting
2 after paragraph VIII the following new paragraph:

3 IX. Notwithstanding any provision of this section, a member in active service in the
4 retirement system who commenced group II service between January 1, 2002 and June 30, 2011,
5 shall be entitled to receive credit for not less than one year nor more than 4 years of nonqualified
6 service credit within the meaning of section 415 of the United States Internal Revenue Code of 1986,
7 as amended, upon payment by the member of the full actuarial costs of such credit and upon
8 approval of the board, subject to the following:

9 (a) Credit shall not be granted until the active member has fully paid for the
10 nonqualified service in a lump sum or by installment payments as permitted by the board. The
11 member's payment shall be credited to the member annuity savings fund. The actuary's statement
12 shall be the full actuarial cost of service credit determined by the actuary based on methods and
13 assumptions recommended by the actuary and approved by the board of trustees.

14 (b) "Nonqualified service credit" means time that is not otherwise purchasable under
15 this chapter.

16 (c) Requests concerning the purchase of nonqualified service credit pursuant to this
17 paragraph shall be limited to 2 such requests per member per calendar year.

18 (d) Members may only purchase as many years as designated for them under RSA 100-
19 A:5, II(d), which will reduce the minimum age or creditable service for a regular service retirement
20 to the previous minimum age of 45 with a minimum of 20 years of creditable service, but only
21 reduced based on the number of years purchased.

22 (e) Additional creditable service purchased under this paragraph shall not be used as
23 creditable service for the purpose determining eligibility for medical and surgical benefits as a
24 retired employee under RSA 21-I:30, RSA 100-A:52, RSA 100-A:52-a, or RSA 100-A:52-b.

25 2 New Subparagraph; Service Retirement Benefits; Group II Transition Provisions. Amend
26 RSA 100-A:5, II by inserting after subparagraph (d) the following new subparagraph:

27 (e) Notwithstanding the transition provisions of subparagraph (d), the member may
28 replace the additional years of service required for minimum retirement age with the years of service
29 that are purchased under RSA 100-A:4, IX. Therefore, allowing the member to retire between the
30 age of 45 and 49 depending upon the years of service purchased. The purchased years under RSA

SB 363-FN - AS AMENDED BY THE SENATE

- Page 2 -

- 1 100-A:4, IX shall have an annual multiplier of 2.5 percent regardless of the percentage listed in
- 2 subparagraph (d).
- 3 3 Effective Date. This act shall take effect 60 days after its passage.

SB 363-FN- FISCAL NOTE
AS AMENDED BY THE SENATE (AMENDMENT #2022-1112s)

AN ACT relative to service credit for certain group II retirement eligibility.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2022	FY 2023	FY 2024	FY 2025
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	De Minimis	De Minimis
<i>Funding Source:</i>	<input checked="" type="checkbox"/> General Agency Funds	<input type="checkbox"/> Education	<input type="checkbox"/> Highway	<input checked="" type="checkbox"/> Other - All

POLITICAL SUBDIVISIONS:

Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	De Minimis	De Minimis

*The New Hampshire Retirement System states it is not able to separate the fiscal impact of this legislation between county and local government, therefore the fiscal impact is shown together as political subdivisions.

METHODOLOGY:

This bill allows Group II New Hampshire Retirement System (NHRS) members who commenced service between January 1, 2002 and June 30, 2011 to be entitled to receive credit for not less than one year and not more than four years of non-qualified service. The new provisions are as follows:

- A member's purchase of the service credit is limited to the amount which will reduce the minimum age of retirement to the previous minimum age of 45.
- Years purchased are to have an annuity multiplier of 2.5%.
- The member is to pay the full actuarial cost of service credit determined by the actuary based on methods and assumptions recommended by the actuary and approved by the NHRS board of trustees.

The NHRS's actuary stated as of June 30, 2021 there were 1,824 Group II members eligible to purchase non-qualified service. Given the potential magnitude of the service purchase, there is a potential deterrent to purchase except for those who are more likely to benefit most. To the extent the assumptions used are not realized, the System may experience gains or losses because of the service purchase, however, those are expected to be minimal. The cost to the System to implement this bill is expected to be less than 0.01% of active covered payroll.

The NHRS's actuary notes there may be administrative challenges associated with implementing the purchases of service credits. They estimate a cost to the NHRS of \$20,000 to develop a calculator needed for the NHRS to determine the full actuarial cost for each eligible member who wishes to purchase the service credits. They also estimate an additional \$20,000 for NHRS pension administrative software.

AGENCIES CONTACTED:

New Hampshire Retirement System

ED+A

LBA
22-2868
Amended 3/30/22

**SB 363-FN FISCAL NOTE
AS AMENDED BY THE SENATE (AMENDMENT #2022-1112s)**

AN ACT relative to service credit for certain group II retirement eligibility.

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STATE:	Estimated Increase / (Decrease)			
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Funding Source:	<input checked="" type="checkbox"/> General Agency Funds	<input type="checkbox"/> Education	<input type="checkbox"/> Highway	<input checked="" type="checkbox"/> Other - All

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