AN ACT relative to vested status of group II members in the state retirement system.


COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill changes the application of 2011 amendments to certain group II retirement system provisions to apply to group II members who are in vested status prior to July 1, 2021.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.
AN ACT relative to vested status of group II members in the state retirement system.

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

1 Retirement System; Definition; Earnable Compensation; Group II. Amend RSA 100-A:1, XVII(a) and (b)(1) to read as follows:

(a) For group I members who have attained vested status prior to January 1, 2012 and group II members who commenced service prior to July 1, 2011, the full base rate of compensation paid, as determined by the employer, plus any overtime pay, holiday and vacation pay, sick pay, longevity or severance pay, cost of living bonus, annual attendance stipend or bonus, additional pay for extracurricular and instructional activities for full-time teachers and full-time employees who are employed in paraprofessional or support position, additional pay for instructional activities of full-time faculty of the community college system, and any military differential pay, plus the fair market value of non-cash compensation paid to, or on behalf of, the member for meals or living quarters if subject to federal income tax, but excluding other compensation except cash incentives paid by an employer to encourage members to retire, supplemental pay paid by the employer while the member is receiving workers' compensation, and teacher development pay that is not part of the contracted annual salary. Compensation for extra and special duty, as reported by the employer, shall be included but limited during the highest 3 years of creditable service as provided in paragraph XVIII. However, earnable compensation in the final 12 months of creditable service prior to termination of employment shall be limited to 1-1/2 times the higher of the earnable compensation in the 12-month period preceding the final 12 months or the highest compensation year as determined for the purpose of calculating average final compensation, but excluding the final 12 months. Any compensation received in the final 12 months of employment in excess of such limit shall not be subject to member or employer contributions to the retirement system and shall not be considered in the computation of average final compensation. Provided that, the annual compensation limit for members of governmental defined benefit pension plans under section 401(a)(17) of the United States Internal Revenue Code of 1986, as amended, shall apply to earnable compensation for all employees, teachers, permanent firemen, and permanent policemen who first become eligible for membership in the system on or after July 1, 1996. Earnable compensation shall not include compensation in any form paid later than 120 days after the member's termination of employment from a retirement eligible position, with the limited exceptions of disability related severance pay paid to a member or retiree no later than 120 days after a decision by the board of trustees granting the member or retiree disability retirement benefits pursuant to RSA 100-A:6 and of severance pay which a member was entitled to be paid within 120 days after termination but...
which, without the consent of the member and not through any fault of the member, was paid more
than 120 days after the member’s termination. The member shall have the burden of proving to the
board of trustees that any severance payment paid later than 120 days after the member’s
termination of employment is earnable compensation and meets the requirements of an asserted
exception to the 120-day post-termination payment requirement.

(b)(1) For group I members who have not attained vested status prior to January 1,
2012 and group II members who commenced service on or after July 1, 2011, the full base rate
of compensation paid, as determined by the employer, plus compensation over base pay.
Compensation over base pay shall include as applicable, subject to subparagraphs (2), (3), and (4),
any overtime pay, cost of living bonus, annual attendance stipend or bonus, annual longevity pay,
additional pay for extracurricular and instructional activities for full-time teachers and full-time
employees who are employed in paraprofessional or support position, additional pay for instructional
activities of full-time faculty of the community college system, compensation for extra and special
duty, and any military differential pay, plus the fair market value of non-cash compensation paid to,
or on behalf of, the member for meals or living quarters if subject to federal income tax, but
excluding other compensation except supplemental pay paid by the employer while the member is
receiving workers' compensation and teacher development pay that is not part of the contracted
annual salary.

2 Definition; Average Final Compensation; Group II. Amend RSA 100-A:1, XVIII to read as
follows:

XVIII. "Average final compensation" shall mean:

(a) For members who have attained vested status prior to [January 1, 2012] July 1,
2021, the average annual earnable compensation of a member during his or her highest 3 years of
creditable service, or during all of the years in his or her creditable service if less than 3 years. For
purposes of this calculation, the inclusion of the average annual compensation for extra and special
duty in the 3 years shall not exceed the average annual amount of compensation for extra and
special duty paid to the member over the member’s last 7 years of creditable service on or after July
1, [2009] 2011, as reported by the employer in accordance with RSA 100-A:16, VI, or over all of the
years in his or her creditable service on or after July 1, [2009] 2011 if less than 7 years.

(b) For members who commenced service on or after July 1, 2011 or who have not
attained vested status prior to [January 1, 2012] July 1, 2021, the average annual earnable
compensation of a member during his or her highest 5 years of creditable service, or during all of the
years in his or her creditable service if less than 5 years. For purposes of inclusion in this
calculation, the average percentage of compensation paid in excess of the full base rate of
compensation in the highest 5 years shall not exceed the average percentage of compensation paid in
excess of the full base rate of compensation over all the member’s years of service on or after
[January 1, 2012] July 1, 2021, but excluding the highest 5 years.
3 Definition; Normal Retirement Age; Group II. Amend RSA 100-A:1, XXXVII(b) to read as follows:

(b)(1) For a group II member who is in vested status before [January 1, 2012] **July 1, 2021**, the later of the date that the member has both attained age 45 and completed 20 years of creditable service;

(2) For a group II member who commenced service on or after July 1, 2011, the later of the date that the member has both attained age 52.5 and completed 25 years of creditable service; or

(3) [For a group II member who commenced service prior to July 1, 2011, and who has not attained vested status prior to January 1, 2012, as provided in the transition provisions in RSA 100-A:5, II(d), or]

(4) For any group II member in service, age 60 regardless of the number of years of creditable service.

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

II. Group II Members.

(a) Any group II member in service, who is in vested status before [January 1, 2012] **July 1, 2021**, who has attained age 45 and completed 20 years of creditable service, and any group II member who commenced service on or after July 1, 2011 who has attained age 50 and completed 25 years of creditable service, [and group II members who have not attained vested status prior to January 1, 2012 as provided in the transition provisions in RSA 100-A:5, II(d),] or any group II member in service who has attained age 60 regardless of the number of years of creditable service, may retire on a service retirement allowance upon written application to the board of trustees setting forth at what time not less than 30 days nor more than 90 days subsequent to the filing thereof the member desires to be retired, notwithstanding that during such period of notification the member may have separated from service. Provided, however, that a group II member who commenced service on or after July 1, 2011 shall not receive a service retirement allowance until attaining the age of 52.5; but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the date on which benefits commence precedes the month after which the member attains 52.5 years of age, by 1/4 of one percent.

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

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

(2) For members who are in vested status before [January 1, 2012] **July 1, 2021**, a state annuity which, together with his or her member annuity, shall be equal to 2-1/2 percent of his or her average final compensation multiplied by the number of years of his or her creditable service
not in excess of 40 years, or for members who commenced service on or after July 1, 2011, a state
annuity which, together with his or her member annuity, shall be equal to 2 percent of his or her
average final compensation multiplied by the number of years of his or her creditable service not in
excess of 42.5 years. [and group II members who have not attained vested status prior to January 1,
2012 shall be as provided in the transition provisions in RSA 100-A:5, II(d) with the maximum
number of years of creditable service not in excess of 40.5 years].

(3) Provided, however, that a group II member who commenced service on or after
July 1, 2011 shall not receive a service retirement allowance until attaining the age of 52.5; but may
receive a reduced allowance after age 50 if the member has at least 25 years of creditable service
where the allowance shall be reduced, for each month by which the date on which benefits commence
precedes the month after which the member attains 52.5 years of age, by 1/4 of one percent.

(c)(1) Notwithstanding any provision of RSA 100-A to the contrary, any group II member
who is in vested status before [January 1, 2012] **July 1, 2021** and has retired on or after the effective
date of this subparagraph after attaining the age of 45 with at least 20 years of creditable service,
and any group II member who commenced service on or after July 1, 2011 and retires after the
effective date of this subparagraph after attaining the age of 50 with at least 25 years of creditable
service. [and group II members who have not attained vested status prior to January 1, 2012 who
qualify as provided in the transition provisions in RSA 100-A:5, II(d),] shall receive a minimum
annual service retirement allowance of $10,000. If such group II member has elected to convert the
retirement allowance into an optional allowance for the surviving spouse under RSA 100-A:13, the
surviving spouse shall be entitled to a proportional share of the $10,000.

(2) [Repealed.]

(3) [Repealed.]

(d) Active group II members who commenced service prior to July 1, 2011 and who have
not attained vested status prior to January 1, 2012 shall be subject to the following transition
provisions for years of service required for regular service retirement, the minimum age for regular
service retirement, and the multiplier used to calculate the retirement annuity, which shall be
applicable on or after January 1, 2012 according to the following table:

<table>
<thead>
<tr>
<th>Creditable service</th>
<th>Minimum</th>
<th>Minimum</th>
<th>Annuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>on January 1, 2012</td>
<td>year of age</td>
<td>age attained</td>
<td>multiplier</td>
</tr>
<tr>
<td>(1) Less than 4 years</td>
<td>24</td>
<td>age 49</td>
<td>2.1%</td>
</tr>
<tr>
<td>(2) At least 4 years</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>but less than 6 years</td>
<td>23</td>
<td>age 48</td>
<td>2.2%</td>
</tr>
<tr>
<td>(3) At least 6 years</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>but less than 8 years</td>
<td>22</td>
<td>age 47</td>
<td>2.3%</td>
</tr>
<tr>
<td>(4) At least 8 years</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>but less than 10 years</td>
<td>21</td>
<td>age 46</td>
<td>2.4%</td>
</tr>
</tbody>
</table>
5 Disability Retirement; Group II; Ordinary Disability. Amend RSA 100-A:6, II(b) to read as follows:

(b) Upon ordinary disability retirement, the group II member shall receive an ordinary disability retirement allowance which shall consist of: a member annuity which shall be the actuarial equivalent of his or her accumulated contributions at the time of his or her ordinary disability retirement; and a state annuity which, together with his or her member annuity, for members who are in vested status before [January 1, 2012] July 1, 2021, shall be equal to 2-1/2 percent of his or her average final compensation at the time of ordinary disability retirement multiplied by the number of years of his or her creditable service not in excess of 40 at the time of ordinary disability retirement, or for members who commenced service on or after July 1, 2011, shall be equal to 2 percent of his or her average final compensation at the time of ordinary disability retirement multiplied by the number of years of his or her creditable service not in excess of 42.5 at the time of ordinary disability retirement. [and group II members who have not attained vested status prior to January 1, 2012 shall be as provided in the transition provisions in RSA 100-A:5, II(d) with the maximum number of years of creditable service not in excess of 40.5 years] provided, however, that such allowance shall not be less than 25 percent of the member’s final compensation at the time of his or her disability retirement.

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

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

(1) For members who are in vested status before [January 1, 2012] July 1, 2021, any group II member who has more than 26-2/3 years of service, a supplemental disability retirement allowance shall be paid. Such supplement shall be equal to 2-1/2 percent of his or her average final compensation multiplied by the number of years of his or her creditable service in excess of 26-2/3 but not in excess of 40 years.

(2) For members who commenced service on or after July 1, 2011, any group II member who has more than 33-1/3 years of service, a supplemental disability retirement allowance shall be paid. Such supplement shall be equal to 2 percent of his or her average final compensation multiplied by the number of years of his or her creditable service in excess of 33-1/3 but not in excess of 42.5 years.

(3) For group II members who have not attained vested status prior to January 1, 2012, calculation of the supplemental allowance shall use the percentage multipliers for the corresponding years of creditable service on January 1, 2012 in the transition provisions in RSA 100-A:5, II(d) with the range for the number of excess years for the supplement adjusted proportionally.]
7 Maximum Retirement Benefit; Vested Status Reference Removed. Amend RSA 100-A:6-a to read as follows:

100-A:6-a Maximum Retirement Benefit. Notwithstanding any other provision of this chapter to the contrary, for members who commenced service before July 1, 2009, [or have attained vested status prior to January 1, 2012,] a member's initial calculation of the retirement benefit granted under the provisions of RSA 100-A:5 or RSA 100-A:6 shall not exceed 100 percent of the member's highest year of earnable compensation. For members who commenced service on or after July 1, 2009 [and have not attained vested status prior to January 1, 2012], a member's maximum retirement benefit granted under the provisions of RSA 100-A:5 or RSA 100-A:6 shall not exceed the lesser of 85 percent of the member's average final compensation or $120,000. Nothing in this section shall affect the ability of a member to receive disability benefits pursuant to RSA 100-A:6, II(b) and (c). This provision shall not limit the application of supplemental allowances.

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

(b) For members who are in vested status before [January 1, 2012] July 1, 2021, upon the member's attainment of age 45, provided the member would then have completed 20 years of creditable service, otherwise the subsequent date on which such 20 years would have been completed, or for members who commenced service on or after July 1, 2011, upon the member's attainment of age 50, provided the member would then have completed 25 years of creditable service, otherwise the subsequent date on which such 25 years would have been completed, [and group II members who have not attained vested status prior to January 1, 2012 shall be as provided in the transition provisions in RSA 100-A:5, II(d),] or at any time after age 60, a group II member who meets the requirement of subparagraph (a) may make application on a form prescribed by the board of trustees and receive a vested deferred retirement allowance which shall consist of: (1) A member annuity which shall be the actuarial equivalent of accumulated contributions on the date the member's retirement allowance commences; and (2) A state annuity which, together with the member annuity, shall be equal to a service retirement allowance based on the member's average final compensation and creditable service at the time the member's service is terminated. Provided, however, that a group II member who commenced service on or after July 1, 2011 shall not receive a vested deferred retirement allowance until attaining the age of 52.5; but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the date on which benefits commence precedes the month after which the member attains 52.5 years of age, by 1/4 of one percent.

9 Method of Financing; Deductions from Compensation. Amend RSA 100-A:16, I(aa) to read as follows:

(aa) The board of trustees shall certify to the proper authority or officer responsible for making up the payroll of each employer, and such authority or officer shall cause to be deducted from the compensation of each member, except group II members who are in vested status before
[January 1, 2012] July 1, 2021 with creditable service in excess of 40 years, and group II members
who commenced service on or after July 1, 2011 or who have not attained vested status prior to
[January 1, 2012] July 1, 2021 with creditable service in excess of 42.5 years as provided in RSA
100-A:5, II(b) and RSA 100-A:6, II(b), on each and every payroll of such employer for each and every
payroll period, the percentage of earnable compensation applicable to such member. No deduction
from earnable compensation under this paragraph shall apply to any group II member who is in
vested status before [January 1, 2012] July 1, 2021 with creditable service in excess of 40 years, and
any group II member who commenced service on or after July 1, 2011 or who have not attained
vested status prior to [January 1, 2012] July 1, 2021 with creditable service in excess of 42.5 years
as provided in RSA 100-A:5, II(b) and RSA 100-A:6, II(b), and this provision for such members shall
not affect the method of determining average final compensation as provided in RSA 100-A:1, XVIII.
In determining the amount earnable by a member in a payroll period, the board may consider the
rate of compensation payable to such member on the first day of a payroll period as continuing
throughout the payroll period and it may omit deduction from compensation for any period less than
a full payroll period if such person was not a member on the first day of the payroll period, and to
facilitate the making of deductions it may modify the deduction required of any member by such an
amount as shall not exceed 1/10 of one percent of the annual earnable compensation upon the basis
of which such deduction is made. The amounts deducted shall be reported to the board of trustees.
Each of such amounts, when deducted, shall be paid to the retirement system at such times as may
be designated by the board of trustees and credited to the individual account, in the member annuity
savings fund, of the member from whose compensation the deduction was made.

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

II. (a) For a member who is in vested status before [January 1, 2012] July 1, 2021 and, who
has completed 20 or more years of combined creditable service, one year shall be deducted from age
60 for each year of creditable group II service, provided that the age shall not be less than 45 years.

(b) For a member who commenced service on or after July 1, 2011 and who has
completed 25 or more years of combined creditable service, one year shall be deducted from age 60
for each year of creditable group II service, provided that the age shall not be less than 50 years, and
provided that the member shall not be eligible to receive a retirement allowance until attaining the
age of 52.5.

[(c) For members who have not attained vested status prior to January 1, 2012,
minimum age shall be as provided in the transition provisions in RSA 100-A:5, II(d) with one year
deducted from age 60 to not less than the adjusted minimum age.]

11 Reduced Early Retirement; Group II. Amend RSA 100-A:19-d to read as follows:

100-A:19-d Reduced Early Retirement. Notwithstanding any other provision of law, any
retirement system member who has creditable service in both group I and group II with at least 10
years combined creditable service, and who has attained an age which is at least 45 for members
who are in vested status with group II service before [January 1, 2012] **July 1, 2021** or at least 50
for members who commenced group II service on or after July 1, 2011, [and group II members who have not attained vested status prior to January 1, 2012 shall be as provided in the transition provisions in RSA 100-A:5, II(d),] and is within 10 years of the minimum age set forth in RSA 100-A:5, II(d), may elect to retire and have benefits commence immediately as a reduced split-benefit service retirement allowance. Application shall be as provided in RSA 100-A:5, I(c). The allowance shall be determined as a split-benefit service retirement allowance in accordance with RSA 100-A:19-c, and the total combined split-benefit service allowance shall be reduced by the percentages shown in RSA 100-A:5, I(c), based on the total combined length of creditable service, for each month by which the date on which benefits commence precedes the month after which the member attains the minimum age set forth in RSA 100-A:19-b.

12 Effective Date. This act shall take effect 60 days after its passage.
AN ACT relative to vested status of group II members in the state retirement system.

FISCAL IMPACT: [ X ] State [ X ] County [ X ] Local [ ] None

<table>
<thead>
<tr>
<th></th>
<th>Estimated Increase / (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY 2020</td>
</tr>
<tr>
<td>Appropriation</td>
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</tr>
<tr>
<td>Revenue</td>
<td>$0</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$0</td>
</tr>
</tbody>
</table>

Funding Source: [ X ] General [ X ] Education [ X ] Highway [ X ] Other

POLITICAL SUBDIVISIONS:

<table>
<thead>
<tr>
<th></th>
<th>State</th>
<th>County</th>
<th>Local</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$0</td>
<td>$0</td>
<td>$16,690,000</td>
<td>$17,220,000</td>
</tr>
</tbody>
</table>

*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 would increase the number of Group II members of the New Hampshire Retirement System (NHRS) who are eligible for increased benefits by changing the current statutory hire and vesting dates for such eligibility. Current benefits for those members vested before January 1, 2012 would be extended to those Group II members who were hired before July 1, 2011 and are vested prior to July 1, 2021.

Assuming an annual rate of return of 7.25 percent, wage inflation at 3.25 percent a year (2.75% for teachers), and an amortization period of a closed 20 year period beginning in FY 2020, the New Hampshire Retirement System's actuary determined the following increases:

<table>
<thead>
<tr>
<th></th>
<th>2020-2021 Rates</th>
<th>Impact of Proposal AFC Definition</th>
<th>Impact of Proposal Eligibility Requirements</th>
<th>Proposed 2020-2021 Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>10.88%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>10.88%</td>
</tr>
<tr>
<td>Police</td>
<td>24.77%</td>
<td>1.90%</td>
<td>2.34%</td>
<td>29.01%</td>
</tr>
<tr>
<td>Fire</td>
<td>26.43%</td>
<td>2.18%</td>
<td>2.09%</td>
<td>30.70%</td>
</tr>
</tbody>
</table>

State Estimated Employer Increase/(Decrease) Due to Proposal (AFC + Eligibility)

<table>
<thead>
<tr>
<th></th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures</td>
<td>$3,990,000</td>
<td>$4,110,000</td>
<td></td>
</tr>
</tbody>
</table>
### Employer Pension Rates as a Percent of Payroll - Political Subdivisions (AFC + Eligibility)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>10.88%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>10.88%</td>
</tr>
<tr>
<td>Teachers</td>
<td>15.99%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>15.99%</td>
</tr>
<tr>
<td>Police</td>
<td>24.77%</td>
<td>1.90%</td>
<td>2.34%</td>
<td>29.01%</td>
</tr>
<tr>
<td>Fire</td>
<td>26.43%</td>
<td>2.18%</td>
<td>2.09%</td>
<td>30.70%</td>
</tr>
</tbody>
</table>

### Political Subdivisions Estimated Employer Increase/(Decrease) Due to Proposal (AFC + Eligibility)

<table>
<thead>
<tr>
<th></th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Teachers</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Police</td>
<td>$4,790,000 AFC</td>
<td>$4,940,000 AFC</td>
<td>$5,110,000 AFC</td>
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<tr>
<td>Fire</td>
<td>$3,060,000 AFC</td>
<td>$3,160,000 AFC</td>
<td>$3,270,000 AFC</td>
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<tr>
<td>Political Subdivisions Total</td>
<td>$7,850,000 AFC</td>
<td>$8,100,000 AFC</td>
<td>$8,380,000 AFC</td>
</tr>
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</table>

### Increase/(Decrease) in Actuarial Accrued Liabilities Due to Proposal as of January 1, 2020

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<tr>
<th></th>
<th>AFC Definition</th>
<th>Eligibility</th>
<th>Total*</th>
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<tr>
<td>Employees</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Teachers</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Police</td>
<td>$48,000,000</td>
<td>$54,900,000</td>
<td>$102,800,000</td>
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<tr>
<td>Fire</td>
<td>$20,800,000</td>
<td>$18,300,000</td>
<td>$39,100,000</td>
</tr>
<tr>
<td>Total*</td>
<td>$68,800,000</td>
<td>$73,200,000</td>
<td>$141,900,000</td>
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### Expected NHRS Funded Ratio Increase/(Decrease) Due to Proposal

<table>
<thead>
<tr>
<th></th>
<th>Increase/(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>0.0%</td>
</tr>
<tr>
<td>Teachers</td>
<td>0.0%</td>
</tr>
<tr>
<td>Police</td>
<td>(2.2%)</td>
</tr>
<tr>
<td>Fire</td>
<td>(1.9%)</td>
</tr>
</tbody>
</table>
*Totals may not add due to rounding

The System states the proposal would be reflected in the next rate setting valuation as of June 30, 2019, which determines employer contribution rates for the 2022-2023 biennium. Since the rates for the 2022-2023 biennium are unknown at this time, the impact of the proposal is shown on the estimated contribution rates for the 2022-2023 biennium based on the June 30, 2017 actuarial valuation. This bill would increase the unfunded actuarial accrued liability by $141.9 million (a 0.7 percent decrease in the funded ratio). The unfunded actuarial accrued liability was $5.04 billion as of June 30, 2017. In addition to the actuarial accrued liability, which will be amortized over 20 years, the proposal would permanently increase the normal cost to fund future benefits by 1.73% for police and 1.97% for fire. These increases are reflected in the rates shown in the tables above.

The System states it will need to make an estimated $6,000 change to the Pension Gold reporting software.

AGENCIES CONTACTED:

New Hampshire Retirement System