

CHAPTER 38
HB 675-FN - FINAL VERSION

2019 SESSION

19-0759
10/08

HOUSE BILL ***675-FN***

AN ACT relative to the purchase of service credit in the state retirement system.

SPONSORS: Rep. Schultz, Merr. 18; Rep. Schuett, Merr. 20; Rep. P. Schmidt, Straf. 19; Rep. Sytek, Rock. 8; Sen. Feltes, Dist 15; Sen. Carson, Dist 14

COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill modifies the calculation methodologies for the cost of the purchase of service credit in the retirement system for active service in the armed forces and in cases of employer fault.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Nineteen

AN ACT relative to the purchase of service credit in the state retirement system.

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

1 38:1 Retirement System Membership; Purchase of Prior Service Credit. Amend RSA 100-A:3,
2 VI(b) to read as follows:

3 (b) In the case of prior service credit for time served as a member for which the
4 member's accumulated contributions have been withdrawn, the amount of creditable service
5 purchased may be the full length of service relating to the withdrawn contributions or a partial
6 share of such service. The amount determined by the actuary to reinstate full or partial service
7 credit shall be the amount of withdrawn contributions, but not less than one month's contributions
8 multiplied by the ratio of the service credit to be purchased to the full length of service relating to
9 the withdrawn contributions, with this amount adjusted for interest from the date of withdrawal to
10 the date of payment based on the interest rates in effect for each fiscal year. The amount
11 determined by the actuary to purchase prior service credit related to Peace Corps and AmeriCorps
12 service shall be computed under RSA 100-A:4, VIII. For all other prior service credit the amount
13 determined by the actuary shall be the full actuarial cost of service credit determined by the actuary
14 based on methods and assumptions recommended by the actuary and approved by the board of
15 trustees, ***unless another calculation methodology is otherwise specified***. The member may be
16 required to prepay all or part of the actuarial calculation fee, as determined by the board. Credit
17 shall not be granted until the active member has fully paid for such service credit in a lump sum or
18 by installment payments as permitted by the board. The member's payment shall be credited to the
19 member annuity savings fund.

20 38:2 Retirement System; Purchase of Service Credit; Employer Fault. Amend RSA 100-A:3,
21 VI(d)(1) to read as follows:

22 (d)(1) In the case of an employer which through its own fault, and not the fault of the
23 employee, failed to enroll an eligible employee at the time such employee became eligible for
24 membership in this retirement system or a predecessor system, the employer and not the employee
25 shall pay the cost of the actuary's statement obtained under this subparagraph. The actuary's
26 statement shall be based on: ~~[the product of the member's annual rate of compensation at the time~~
27 ~~of buy-in, multiplied by the sum of the member and employer contribution rates in effect with~~
28 ~~respect to the member at the time of buy-in, multiplied by the number of years of prior service credit~~
29 ~~bought. In addition, if such employee has not received final approval of the board before July 1,~~
30 ~~1989, to receive credit for such service, the employer shall pay 1/2 of the amount determined by the~~

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1 ~~actuary and the employee shall pay 1/2]~~ ***(A) the member rate attributable to the period***
2 ***multiplied by the earnable compensation attributable to the oversight period which shall***
3 ***be paid by the member, plus (B) the current employer rate multiplied by the earnable***
4 ***compensation attributable to the oversight period which shall be paid by the employer.***

5 Upon payment, and with the approval of the board, the member shall receive credit for prior service.
6 The amount paid by the employee for prior service credit under this subparagraph shall be credited
7 to the member annuity savings fund, and the amount paid by the employer shall be credited to the
8 state annuity accumulation fund.

9 38:3 Retirement System; Credit for Active Service in the Armed Forces. Amend RSA 100-A:4,
10 VI(b) to read as follows:

11 (b) Credit for active service in the armed services shall not be made until the member
12 has paid either in lump sum or, if permitted by the board of trustees, by installment deductions from
13 pay from an employer. The actuary's statement shall be the ~~[product of the member's annual rate of~~
14 ~~compensation at the time of buy-in, multiplied by the sum of the member and employer contribution~~
15 ~~rates in effect with respect to the member at the time of buy-in, multiplied by the number of years of~~
16 ~~prior service credit bought]~~ ***full actuarial cost of service credit determined by the actuary***
17 ***based on methods and assumptions recommended by the actuary and approved by the***
18 ***board of trustees.***

19 38:4 Effective Date. This act shall take effect 60 days after its passage.

Approved: May 15, 2019
Effective Date: July 14, 2019