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New NHRS Employer Contribution Rates

Pursuant to House Bill 2, NHRS Trustees recertify 2012-13 employer rates

CONCORD, N.H. – The Board of Trustees of the New Hampshire Retirement System (NHRS, the retirement system) approved recalculated employer contribution rates for Fiscal Years 2012 and 2013 at a special meeting on August 4.

House Bill 2 (Chapter 0224, Laws of 2011) directed Trustees to recertify rates, “Notwithstanding the notice requirements of RSA 100-A:16, III ... as soon as possible following July 1, 2011.” Although the Board of Trustees is currently challenging the rate recertification language in House Bill 2 in Superior Court, the Court denied the Trustees’ request for a preliminary injunction on the rate recertification. As a result, Trustees must comply with the law.

Following a presentation by NHRS’ consulting actuary, Trustees voted 6-2 to recertify the rates.

The new rates, which replace the rates approved by Trustees in September, 2010, are in effect for wages paid on or after August 1, 2011. The new rates, which reflect the changes to RSA 100-A contained in 2011 legislation, decrease employer contributions for all four member classifications (Employee, Teacher, Police, Fire).

The new municipal rates are available here:

http://www.nhrs.org/documents/2012_2013_RECERTIFIED_contribution_rates_municipal.pdf

The new State of New Hampshire rates are available here:

http://www.nhrs.org/documents/2012_2013_RECERTIFIED_contribution_rates_state.pdf

It is important to note that House Bill 2 also eliminated the provision in RSA 100-A:16 for the State of New Hampshire’s 35 percent cost share of political subdivision employers’ NHRS contribution rates for their Teacher, Police, and Fire members. While the elimination of the State’s share does not directly affect the employer

contribution rates themselves, as recalculated by GRS, the elimination of the cost sharing has a direct impact on how much political subdivision employers with Teacher, Police, and Fire members must pay to NHRS – 100 percent of the rate cost versus 65 percent.

The Legislature did, however, authorize the state to spend \$3.5 million toward political subdivision employer contributions for Teacher, Police and Fire members in Fiscal Year 2012. The law did not specify how this money will be allocated, but NHRS Trustees at the August 4 meeting approved a funding method that will take the actual Fiscal Year 2011 data reported to NHRS by political subdivisions as the allocation base to determine the pro rata portion of the \$3.5 million that will be paid out to each eligible employer. This one-time, lump sum amount will be calculated and is expected to be paid within the next few months.

The New Hampshire Retirement System provides retirement, disability, and death benefits to its eligible members and their beneficiaries. The State of New Hampshire and more than 475 local government employers participate in the retirement system for their employees, teachers, firefighters, and police officers. NHRS has approximately 50,500 active members and 26,000 pension recipients. NHRS administers a defined benefit plan qualified as a tax-exempt entity under section 401(a) and 501(a) of the Internal Revenue Code.

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