



**NH Retirement System**  
**54 Regional Drive**  
**Concord, NH 03301**  
**Phone: (603) 410-3500**  
**[www.nhrs.org](http://www.nhrs.org)**

**FOR IMMEDIATE RELEASE**  
**February 22, 2010**

Contact: Kim France, [kim.france@nhrs.org](mailto:kim.france@nhrs.org)  
Phone: (603) 410-3556  
Fax: (603) 410-3557  
[www.nhrs.org](http://www.nhrs.org)

## **New Hampshire Retirement System Keeps Its Promises**

### ***A Message from Executive Director Dick Ingram***

**(Concord, NH)** The New Hampshire Retirement System (NHRS, “the System”) is a promise keeper. Our role is that of a fiduciary – administering the retirement benefit commitments made by our participating employers to their employees who are our members – according to the plan provisions as enacted by the State Legislature.

NHRS, like public pension funds throughout the nation, is experiencing challenges during these volatile economic times. The System is not immune to difficult financial markets and public scrutiny about increased costs to taxpayers. NHRS leadership acknowledges the reported concerns about the rise in employer contribution rates and the System’s ability to pay future benefits. We affirm that a combination of strong governance, sound fiduciary practices, and appropriate public policy will ensure the continuing viability of the System. That will require collaboration between NHRS and its stakeholders including its members and participating employers, the state and local policy-makers, and taxpayers.

NHRS is financially supported by member contributions, employer contributions, and net investment returns. The NHRS Board of Trustees must ensure that actuarially sound contributions are established, that employer and member contributions are prudently invested for the exclusive benefit of active and retired members and their beneficiaries, and that NHRS fairly administers the provisions of the plan.

Many important improvements have been implemented in recent years. Better governance including the development of board committees, implementation of sound and generally accepted accounting and actuarial practices, and emphasis on transparency in governance are some of the steps that have been taken to ensure

prudent management of NHRS trust fund assets. In recent years NHRS has adopted more mainstream, standard practices, including smoothing investment gains and losses over a five year period in order to dampen the effect of market volatility on the employer contribution rates. Legislation was enacted to require NHRS to use the entry-age normal actuarial cost method and a 30-year amortization of the unfunded actuarial accrued liability. The employer contribution rates recommended for Fiscal Years 2012 and 2013 were developed using these mainstream practices.

Prior to the changes, the actuarial methodology and accounting practices used by the System pursuant to previous law and policies led to overstating the funding status of the trust, developing artificially low employer contribution rates, and generating a weak funding status as we headed into the current economic downturn. NHRS and its stakeholders are experiencing the impact of those decisions, and we cannot allow history to repeat itself.

The NHRS Board of Trustees continues to work closely with its actuary and investment consultant to ensure that trust fund assets are managed properly in order to meet benefit obligations. For example, NHRS is conducting an asset/liability modeling study and later in 2010, will conduct a five-year experience study. The asset/liability modeling is designed to determine the appropriate allocation of assets among investment classes to meet the long-term financial obligations of NHRS. The actuarial assumptions will be reviewed to make sure they are reasonable and appropriate. Changes, if any, to the asset allocation targets and ranges will be thoroughly reviewed by the System's Independent Investment Committee before any recommendation is made to the NHRS Board of Trustees.

Prudent investment strategies based on long-term discipline and adequate contributions will advance the long-term viability of the System. It is important to note that good investment performance is not the only factor that impacts funding levels and System costs. Those numbers are also affected by legislative policy and employers' negotiations with their employees that determine compensation, benefits, provisions regarding work after retirement, and other factors. Those decisions have an impact on the System's liabilities, which, in turn, affect employers' rates.

NHRS should be recognized as one of New Hampshire's largest "home grown" financial institutions, and our annual "payroll" of benefits paid to retirees is also one of the state's largest. As such, the practices that the System implements must reflect the importance and impact it has on the state's economy and its citizens. That is the commitment we intend to keep.

# # #