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## **Communities Dispute State's Reduced Retirement Contributions**

### ***Lawsuit Filed against the State of New Hampshire***

**(Concord, NH)** A lawsuit was filed against the State of New Hampshire today by nearly 300 communities, which are contesting the state's reduced share of employer contributions paid to the New Hampshire Retirement System (NHRS, "the System") for local government teachers, firefighters, and police officers. While the issue described in the suit is between the state and the various cities, towns, school districts, counties, and other political subdivisions bringing the action, NHRS is named as a party in the suit as well. NHRS is named in the suit only because the employer contributions are remitted to and processed by the System as the pension plan administrator.

"We will carefully review the filing with legal counsel and the Board of Trustees," states NHRS Executive Director Dick Ingram. "The Retirement System has been adhering to the statutory provisions as we assess and collect the actuarially required employer contributions. The Board will continue to carry out its fiduciary responsibilities to the System's 75,000 active and retired members."

In 2009, the New Hampshire Legislature reduced the state's share of the retirement contributions it pays on behalf of local government employers from 35 percent to 30 percent for fiscal year 2010, and to 25 percent for fiscal year 2011. The state's share will revert to 35 percent in fiscal year 2012. The plaintiffs in the suit argue that the state's reduced contributions violate Part I, Article 28-a, of the New Hampshire Constitution, which prohibits unfunded mandates.

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The New Hampshire Municipal Association (NHMA) has been coordinating the efforts of the communities to file a suit for many months. Many local government employers have been paying their required contributions to NHRS under protest, as suggested by the NHMA.

Any dispute about how the cost is shared between the state and local government will be closely monitored by the System to ensure that the required contributions are paid, since retirement benefits are funded by employer contributions, member contributions, and investment returns.

NHRS administers a defined benefit plan qualified as a tax-exempt entity under section 401(a) and 501(a) of the Internal Revenue Code. The System provides retirement, disability, and death benefits to its eligible members and their beneficiaries. The State of New Hampshire and more than 450 local government employers participate in NHRS for their employees, teachers, firefighters, and police officers. The System currently has approximately 53,000 members and 24,500 pension recipients.

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