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2011 Legislative Changes Affecting NHRS Retirees, Beneficiaries

NHRS summary of changes specifically related to retirees

CONCORD, N.H. – Significant legislation related to the New Hampshire Retirement System (NHRS, the retirement system) was enacted in 2011.

The retirement system has compiled the following summary of legislative changes as a quick reference for retirees. NHRS is in the process of developing additional documentation regarding these legislative changes and updating its printed and online materials.

Medical Subsidy Frozen (House Bill 2, effective upon passage): The Medical Subsidy benefit for eligible retirees and beneficiaries has been capped at its current level (\$375.56 per person, per month; \$236.84 per person, per month for Medicare-eligible retirees). This benefit had been slated to increase by 4 percent annually beginning July 1, 2012.

For more information on the Medical Subsidy benefit, see <http://www.nhrs.org/Retirees/Medical.aspx>

No Cost-of-Living Adjustment (COLA): The Legislature did not appropriate funds for a COLA in fiscal year 2012. COLAs and Temporary Supplemental Allowances (TSAs) are not automatic, they are subject to legislative approval.

Additional Temporary Supplemental Allowance (HB2, effective upon passage): The TSA contained in RSA 100-A:41-d, III will be paid to political subdivision retirees and beneficiaries receiving the Medical Subsidy. This one-time, annual allowance will be paid as an additional check at the end of the July, 2011. The Legislature

also amended RSA 100-A:41-d, III to extend this TSA an additional year. As a result, another payment will be made to eligible retirees and beneficiaries at the end of July, 2012.

Payments are \$500 per person for non-Medicare-eligible recipients; \$300 per person for Medicare-eligible recipients. A two-person Medical Subsidy recipient may not receive more than \$1,000 per year. Note: State employees who retired from state service are not eligible for these supplemental payments related to the Medical Subsidy.

For more information on this TSA, see:

http://www.nhrs.org/News/Files/07_08_11_COLA_TSA_update.pdf

No additional TSAs were granted by the Legislature in 2011.

State Retiree Medical Benefits (HB2, effective 7/1/11): Retired state employees receiving medical benefits under RSA 21-I:30 who are not eligible for Medicare parts A & B must pay 12.5 percent of the monthly premium. The dollar amount for this provision – effective July 1, 2011, through January 1, 2012 – is \$113.80 for a one-person plan and \$227.98 for a two-person plan. NHRS is directed by statute to deduct this amount from the monthly pension payments of affected employees.

For more information, see:

http://www.nhrs.org/News/Files/07_11_11_State_Retiree_Medical_Premium.pdf

Note: Questions concerning medical coverage for retired state employees should be directed to the Department of Administrative Services, Division of Personnel. State retiree benefit information is available at http://admin.state.nh.us/hr/retirement_benefits.html. For additional questions, contact Judy Shevlin at the Division of Personnel at judy.shevlin@nh.gov or (603) 271-1432.

Part-time Employment (HB2; effective 7/1/11): Part-time employment of anyone who retired from an NHRS participating employer and is in receipt of a pension shall not exceed 32 hours in a normal calendar week, with some exceptions for employment within a 5-consecutive month block of any 12-month period. The 32-hour limit only applies to retirees working for an NHRS participating employer. For additional information, see http://www.nhrs.org/News/Files/NHRS_Retiree_Employment_FAQ_07_13_11.pdf

Retirement System Membership (HB2, effective 7/1/11): NHRS retirees appointed to an unclassified state position with no fixed term on or after July 1, 2011, shall become members of the retirement system as a condition of employment; if they are receiving benefits from the retirement system, those benefits will be stopped for the duration of their employment.

Repeal (HB2; effective upon passage): RSA 100-A:6, III(b)(3), relative to the Group II accidental disability beneficiary exception from gainful occupation reduction, is repealed. Retired Group II members whose combined years of service and disability retirement is at least 20 years, and who have attained the age of 45 are no longer exempt from the gainful occupation limits outlined in RSA 100-A:6, III(b)(1).

Transfer Balance of Special Account (HB2; effective upon passage): Except for funds necessary to pay Temporary Supplemental Allowances listed above, any funds remaining in the Special Account as of June 30, 2011, will be transferred to the State Annuity Accumulation Fund.

Note: As the Special Account is the funding source for legislatively approved Cost-of-Living Adjustments (COLAs) and Temporary Supplemental Allowances (TSAs), this change effectively precludes awarding any future COLAs or TSAs unless another funding source is identified by the Legislature.

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