



EARNABLE COMPENSATION

Earnable Compensation is the compensation paid to a member that may be included in calculating Average Final Compensation (AFC). The definition of Earnable Compensation varies depending on membership status as of July 1, 2011, and/or vested status as of January 1, 2012. Here is a summary of changes to the definition of Earnable Compensation pursuant to House Bill 2, Chapter 0224, Laws of 2011.

KEY: Y – Included as Earnable Compensation. N – Not included as Earnable Compensation.

Type of Compensation	Prior to HB 2	Effective On and After 1/1/12	
		Vested Prior to 1/1/12	Not Vested Prior to 1/1/12
Full Base Rate of Compensation Paid	Y	Y	Y
Overtime Pay	Y	Y	Y
Holiday Pay	Y	Y	Y
Vacation Pay	Y	Y	Y
Sick Pay	Y	Y	Y
Annual Longevity Pay	Y	Y	Y
Cost of Living Bonus	Y	Y	Y
Additional Pay for Extracurricular & Instructional Activities <i>(Teacher and Employee members employed by a school district or SAU only)</i>	Y	Y	Y
Military Differential Pay - No Termination of Employment	Y	Y	Y
Fair Market Value of Employer Furnished Meals & Living Quarters, if Subject to Federal Income Tax	Y	Y	Y
Supplemental Pay by Employer while Member is Receiving Workers' Comp.	Y	Y	Y
Teacher Development Pay Not Part of Contracted Salary	Y	Y	Y
Military Differential Pay After Employment Termination to Enter United States Armed Forces	Y	Y	Y
Extra or Special Duty Pay <i>(Group II members only)</i>	Y	Y*	Y*
Severance Pay	***	***	N
Cash Incentives Paid by Employer to Encourage Member to Retire	Y	Y	N
Pay for Unused Vacation Time	Y	Y	N
Pay for Unused Sick Time	Y	Y	N
End of Career Additional Longevity Pay	Y	Y	N
Fair Market Value of Other Non-cash Compensation, if Subject to Federal Income Tax	N	N	N
Other Compensation & Fringe Benefits Subject to Federal Income Tax	N	N	N
Settlement Agreements	***	***	***
Amounts paid more than 120 days after Termination of Employment	***	***	N

* – Excluded if member's NHRS-eligible service commenced on or after 7/1/11; *** – Contact NHRS

Note: AFC is subject to limitations contained in RSA 100-A: 1, XVIII.

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