

# Fiduciary: A word worth knowing

**There's a lot of information out there regarding the New Hampshire Retirement System, some of it fact, some of it fiction. This document, along with others in the "NHRS ... Now You Know" series, is designed to provide you with straight talk about the retirement system.**

Fiduciary. It's not a word generally used in everyday conversation, but for New Hampshire Retirement System members and beneficiaries, it's a word worth knowing.

A fiduciary is someone who is entrusted with the responsibility for managing assets for the benefit of others. The NHRS Board of Trustees, Independent Investment Committee, and Executive Director are fiduciaries.

When NHRS fiduciaries make decisions about benefit administration, investments, or any other subject that falls within their statutory responsibility, they are required to hang up any other hats they may wear and act solely in the best interests of the collective membership, not on behalf of individual members or member groups, employers, lawmakers, taxpayers, private businesses, or anyone else who might have an interest in the outcome of the decision.

Fiduciaries are held to the highest standard of conduct known to law. Specifically, NHRS Trustees are required by law (RSA 100-A:15) to act:

- Solely in the interest of the participants and beneficiaries;
- For the exclusive purpose of providing benefits to participants and beneficiaries and paying reasonable expenses of administering the system;
- With the care, skill, and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose;
- Impartially, taking into account any differing interests of participants and beneficiaries;
- Incurring only costs that are appropriate and reasonable; and
- In accordance with a good-faith interpretation of the law governing the retirement system.

It is important to recognize that having a fiduciary responsibility is not the same as being an advocate. As the final bullet above makes clear, NHRS fiduciaries are responsible for the administration of the pension plan in accordance with New Hampshire law. The Legislature is the plan sponsor, which means it has the

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responsibility for making policy decisions such as retirement eligibility, benefit levels, or whether or not a cost-of-living adjustment will be granted. Typically, Trustees would not take a position on policy issues except in cases where proposed legislation would conflict with their fiduciary duties.