

Three key facts about NHRS

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.

1. NHRS provides a modest pension benefit. The average annual New Hampshire Retirement System benefit is \$22,218 and nearly two-thirds of our 42,000 retirees and beneficiaries receive less than \$25,000 per year. NHRS benefits are funded by member contributions, employer contributions, and investment returns. Investment income has historically provided the majority of the funding. Over the past 10 years, NHRS investments have achieved an average annual return of 7.9 percent.

2. There is a plan in place to pay down the NHRS unfunded liability. NHRS has an Unfunded Actuarial Accrued Liability ("UAAL") of approximately \$5.6 billion. While some of the unfunded liability is related to global economic dips (2001 - 02 and 2008-09) negatively impacting investment performance, and the adoption of more conservative

actuarial assumptions in the past decade, a significant portion of the funding gap is the result of what proved to be short-sighted public policy decisions made more than 30 years ago that have since been addressed. Despite the unfunded liability, NHRS retirement benefits are secure and there is an actuarially sound plan in place to address this liability and return the retirement system to full funding.

3. NHRS benefits help support the New Hampshire economy. In the last fiscal year, NHRS paid more than \$950 million in pension benefits. Close to 80 percent of retirees live in N.H. – and spend their money here. This spending ripples through the state's economy, as one person's spending becomes another person's income, creating a multiplier effect. The map on the back page shows retirement benefits paid by county.

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