



NHRS

New Hampshire Retirement System

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2009 LEGISLATIVE NOTIFICATION TO NH RETIREMENT SYSTEM PARTICIPATING EMPLOYERS AS REQUIRED UNDER RSA 100-A:14, XII

BILL NUMBER: House Bill 673

DATE OF INTRODUCTION: 01/08/2009

DESCRIPTION: This bill allows political subdivision employers the ability to withdraw from participation in the NHRS and also changes the procedure for withdrawal. This withdrawal proposal applies only to the Employee members of NHRS (not to police, fire or teacher members).

ANALYSIS: If passed, House Bill 673 would allow employers to withdraw either all employees or all non-vested employees on the next anniversary date of their participation with the NHRS, under certain conditions. The employer must submit to the board of trustees proof that alternative benefits will be provided to all of its employees that are current members of the NHRS prior to withdrawal.

For those employees who vested prior to the date of withdrawal and who remain members of the NHRS, the employer must continue to pay contributions on their behalf. For those vested employees who will no longer be members after the date of withdrawal, the new benefits must be at least equal to the benefits the member would have received from the NHRS prior to the time of withdrawal.

In addition to the obligation to pay for those members who remain in the system, this proposed amendment holds the employer liable for any established unfunded accrued liability

(UAL) at the time that the employer elects to withdraw from NHRS and whose members are receiving, or have elected to receive, retirement benefits or have filed for a vested deferred retirement allowance.

As part of the withdrawal procedure, the governing body must submit, in writing, the request to withdraw to the NHRS board of trustees and remit payment, or a plan for payment, of its UAL. The board may deny an employer's withdrawal if the employer refuses to pay or is unable to pay the UAL.

If HB 673 passes, and upon proper submission of a request to withdraw, the proposal requires NHRS to refund all employee and employer contributions, including interest, for the members who will be withdrawn for the purpose of funding the alternative retirement benefits.

COST TO EMPLOYERS:

If approved, this proposed change will result in increased normal contribution rates for the remainder of participating NHRS employers if and when an employer elects to withdraw from NHRS. These costs will continue to rise as additional employers withdraw.

This legislation does not appear to address medical subsidy liabilities, assets and benefits attributable to withdrawn employers. However, because all employers contribute to the medical subsidy, the medical subsidy rates will likely increase in the Police and Fire medical subsidy fund when an employer withdraws. Because the teacher and political subdivision medical subsidy date for eligibility (under current law) is now closed, employer withdrawals will result in increased contributions to the remaining employers for medical subsidy. NHRS is reviewing its concerns regarding this proposal that may be in conflict with Internal Revenue Code requirements and may jeopardize the governmental plan qualification status of the NHRS.

To view full text and fiscal note enter "HB 673" in the Bill Number field at [NH General Court - Bill Status](#).

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