



**NH Retirement System**  
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## **NHRS Bill Brief: HB 1306-FN (as introduced)**

*Prepared for the NH House Special Committee on Public Employee Pensions Reform*

**Summary:** AN ACT requiring retirement system employers to make contributions for part-time employment of retired members of the retirement system.

**Analysis:** This bill requires retirement system employers to make contributions based on the unfunded accrued liability and medical benefits employer share for retired members employed on a part-time basis.

**Sponsor:** Rep. Hawkins, Hills 18

### **Financial Considerations**

**Employers:** State and political subdivisions (participating employers) will make employer contributions on wages paid to retired members of the retirement system employed on a part-time basis. The contributions will be for the employer's rate for the unfunded actuarial accrued liability (UAAL) and the Medical Subsidy benefit only.

The FY 12-13 employer contribution rates on the UAAL and Medical Subsidy would be:

<b>EMPLOYEE GROUP</b>	<b>UAAL RATE</b>	<b>MEDICAL SUBSIDY RATE</b>	<b>PROPOSED EMPLOYER RATE ON NHRS RETIREES</b>
Group I Employee	6.04%	0.32%* / 1.60%**	6.36%* / 7.64%**
Group I Teacher	7.77%	2.31%	10.08%
Group II Police	10.46%	3.97%	14.43%
Group II Fire	11.68%	3.97%	15.65%

\* Political subdivisions; \*\* State of NH

**Members:** No contributions required. Retired members would not accrue additional benefits.

**Impact on Unfunded Actuarial Liability (UAAL):** The additional employer contributions received for the UAAL will result in a more rapid amortization of the UAAL. Because employer contributions received for the UAAL would be greater than otherwise expected employer contributions for the UAAL amortization will ultimately be reduced. The extent of the decline of the UAAL and of future contribution rates for the amortization of the UAAL would depend on the magnitude of the additional contributions.

**Impact on Medical Subsidy:** Contributions received for the Medical Subsidy as a result of this bill would reduce the amount of employer contributions paid for active members.

**NHRS Administrative cost:** NHRS will require additional costs for computer software modifications and other administrative costs to collect employer contributions on the part-time wages identified in this bill.

**Fiscal impact:** Indeterminable. NHRS has never collected data for any part-time employees, including retired members who are working part-time for participating employers. Without this base data, the fiscal impact of this bill, including additional costs for employers in Fiscal 2013, cannot be determined.

### **Other Considerations**

- The bill does not provide specific guidance on how individual employers should certify and report employer contributions made on behalf of NHRS retirees working for them on a part-time basis.
- The bill does not define “part-time employee” specifically in statute.
- The bill does not state the first payroll impacted by this bill; i.e. wages earned in July only, or all wages paid after July 1 regardless of when earned?

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