

2011 Legislative Changes Affecting NHRS Retirees, Beneficiaries *NHRS summary of changes specifically related to retirees*

Significant legislation related to the New Hampshire Retirement System (NHRS, the retirement system) was enacted in 2011.

The retirement system has compiled the following summary of legislative changes as a quick reference for retirees. NHRS is in the process of developing additional documentation regarding these legislative changes and updating its printed and online materials.

Medical Subsidy Frozen (House Bill 2, effective upon passage): The Medical Subsidy benefit for eligible retirees and beneficiaries has been capped at its current level (\$375.56 per person, per month for non-Medicare-eligible retirees and beneficiaries; \$236.84 per person, per month for Medicare-eligible retirees and beneficiaries). This benefit had been slated to increase by 4 percent annually beginning July 1, 2012.

For more information on the Medical Subsidy benefit, see <http://www.nhrs.org/Retirees/Medical.aspx>

No Cost-of-Living Adjustment (COLA): The Legislature did not appropriate funds for a COLA in fiscal year 2012. COLAs and Temporary Supplemental Allowances (TSAs) are not automatic, they are subject to legislative approval.

Additional Temporary Supplemental Allowance (TSA) (HB2, effective upon passage): The TSA contained in RSA 100-A:41-d, III will be paid to political subdivision retirees and beneficiaries receiving the Medical Subsidy. This one-time, annual allowance will be paid as an additional check at the end of the July, 2011. The Legislature also amended RSA 100-A:41-d, III to extend this TSA an additional year. As a result, another payment will be made to eligible retirees and beneficiaries at the end of July, 2012.

Payments are \$500 per person for non-Medicare-eligible recipients; \$300 per person for Medicare-eligible recipients. A two-person Medical Subsidy recipient may not receive more than \$1,000 per year. Note: State employees who retired from state service are not eligible for these supplemental payments related to the Medical Subsidy.

For more information on this TSA, see page 4

No additional TSAs were granted by the Legislature in 2011.

State Retiree Medical Benefits (HB2, effective 7/1/11): Retired state employees receiving medical benefits under RSA 21-I:30 who are not eligible for Medicare parts A & B must pay 12.5 percent of the monthly premium. The dollar amount for this provision – effective July 1, 2011, through January 1, 2012 – is \$113.80 for a one-person plan and \$227.98 for a two-person plan. NHRS is directed by statute to deduct this amount from the monthly pension payments of affected employees.

For more information, see page 2

Note: Questions concerning medical coverage for retired state employees should be directed to the Department of Administrative Services, Division of Personnel. State retiree benefit information is available at http://admin.state.nh.us/hr/retirement_benefits.html. For additional questions, contact Judy Shevlin at the Division of Personnel at judy.shevlin@nh.gov or (603) 271-1432.

Part-time Employment (HB2; effective 7/1/11): Part-time employment of anyone who retired from an NHRS participating employer and is in receipt of a pension shall not exceed 32 hours in a normal calendar week, with

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some exceptions for employment within a 5-consecutive month block of any 12-month period. The 32-hour limit only applies to retirees working for an NHRS participating employer. For additional information, see page 3

Retirement System Membership (HB2, effective 7/1/11): NHRS retirees appointed to an unclassified state position with no fixed term on or after July 1, 2011, shall become members of the retirement system as a condition of employment; if they are receiving benefits from the retirement system, those benefits will be stopped for the duration of their employment.

Repeal (HB2; effective upon passage): RSA 100-A:6, III(b)(3), relative to the Group II accidental disability beneficiary exception from gainful occupation reduction, is repealed. Retired Group II members whose

combined years of service and disability retirement is at least 20 years, and who have attained the age of 45 are no longer exempt from the gainful occupation limits outlined in RSA 100-A:6, III(b)(1).

Transfer Balance of Special Account (HB2; effective upon passage): Except for funds necessary to pay Temporary Supplemental Allowances listed above, any funds remaining in the Special Account as of June 30, 2011, will be transferred to the State Annuity Accumulation Fund.

Note: As the Special Account is the funding source for legislatively approved Cost-of-Living Adjustments (COLAs) and Temporary Supplemental Allowances (TSAs), this change effectively precludes awarding any future COLAs or TSAs unless another funding source is identified by the Legislature.

Pension Deduction for Retired State Employee Medical Benefits to Increase *Recently enacted legislation changes cost of state retiree medical benefits*

House Bill 2, which was enacted into law on June 29, 2011, increased the cost of state retiree medical coverage effective July 1, 2011. The new law directs the New Hampshire Retirement System (NHRS, the retirement system) to deduct 12.5% of the monthly premium rate per person from a retiree's monthly pension benefit for each covered state retiree and covered spouse who is ineligible for Medicare parts A & B.

Because the New Hampshire Retirement System is required by statute to deduct state retiree medical premiums from the monthly pension benefit paid to NHRS retirees and beneficiaries, the retirement system is sending this notice to retirees as a courtesy. Please be aware that state retiree medical benefits are administered through the N.H. Department of Administrative Services, Division of Personnel. If you are a retiree of a school district, county or municipality, this notice does not pertain to your coverage.

The new medical coverage deduction for state retirees and their spouses who are ineligible for Medicare parts A & B will begin with the July pension checks. The following are the contribution amounts effective from July 1, 2011, through December 31, 2011:

Retiree Only Monthly Premium Rate: $\$910.40 \times 12.5\% = \113.80 per month
Retiree and Spouse Monthly Premium Rate: $\$1823.81 \times 12.5\% = \227.98 per month

Please note: *The monthly premium rate is recalculated each calendar year to reflect current claims experience and health plan design. Therefore, each January the 12.5% premium contribution amount may increase or decrease dependent upon the plan's experience from the previous year.*

The previous deduction was \$65 per person, per month, for each covered retiree and spouse.

This deduction only affects retired state employees currently receiving medical coverage through the State of New Hampshire. For those retirees who do not have a pension or their pension is insufficient to cover the new contribution amount, the Department of Administrative Services will send an invoice each month.

Questions concerning medical coverage should be directed to the Department of Administrative Services, Division of Personnel. State retiree benefit information is available at http://admin.state.nh.us/hr/retirement_benefits.html. For additional questions, contact Judy Shevlin at the Division of Personnel by email at judy.shevlin@nh.gov or by telephone at (603) 271-1432.

NHRS Frequently Asked Questions Concerning New Law Governing Part-Time Employment of Retirees

Here are answers to some frequently asked questions NHRS employers and retirees may have concerning recently enacted legislation regarding the part-time employment of retirees by an NHRS participating employer.

What does the new law say?

Section 178 of House Bill 2, enacted into law on June 29, 2011, reads:

Retirement System; Part Time; Group I and Group II. Amend RSA 100-A:1 by inserting after paragraph XXXIII the following new paragraph:

XXXIV. "Part-time," for purposes of employment of a retired member of the New Hampshire retirement system, but excepting per diem court security officers and court bailiffs, means employment by an employer depending on the group classification of the employment as follows:

(a) For group I, part-time employment of the retired member shall not exceed 32 hours in a normal calendar week; except for group I employment which in some instances may exceed 32 hours in any normal calendar week. In such case the part-time employment of the retired member shall not exceed 1,300 hours in a calendar year, so long as such part-time employment does not occur outside of a 5-consecutive-month period in any 12-month period.

(b) For group II, part-time employment of the retired member shall not exceed 32 hours in a normal calendar week; except for group II employment which in some instances may exceed 32 hours in any normal calendar week. In such case the part-time employment of the retired member shall not exceed 1,300 hours in a calendar year, so long as such part-time employment does not occur outside of a 5-consecutive-month period in any 12-month period.

When does this law take effect?

July 1, 2011.

Who does it affect?

Anyone who retired from an NHRS participating employer and is currently receiving a pension benefit.

Part-time employees who are not receiving a pension benefit from NHRS are not affected by the change and remain subject to the Minimum Participation Standards contained in the NHRS Administrative Rules (302.5).

Does the law prevent NHRS retirees from working more than 32 hours per week for a non-NHRS employer?

No. The 32-hour limit only applies to retirees working part-time for an NHRS participating employer. There is no limit on how much an NHRS retiree can work for an employer that does not participate in the retirement system.

If a retiree works part-time for multiple NHRS participating employers, is the retiree limited to a total of 32 hours per week?

No. The 32-hour limit is per employer. Note: Multiple school districts in the same School Administrative Unit (SAU) are considered a single employer.

If a retiree works part-time in a Group I position and part-time in a Group II position for the same employer, are those hours counted together?

No. Per the statute, hours worked in a Group I (Employee and Teacher) position and hours worked in a Group II (Police and Fire) position are counted separately.

I am receiving a pension from NHRS and working more than 32 hours for an employer that did not have its Employee members participate in the retirement system at the time I commenced employment. My employer subsequently joined NHRS, but I exercised my option to not participate in the retirement system pursuant to RSA 100-A:22 (Modifications). Do I need to reduce my hours?

No. Employees in this situation are not subject to the 32-hour limit.

Access Your Account Information Online

Since July 2010, New Hampshire Retirement System (NHRS) retirees have been able to access their personal account information online. Through the *My Account* page on the NHRS website (www.nhrs.org), members and individuals in receipt of a pension may review secure, personal account information anytime, from any computer.

To create an account or access an existing account, pension recipients may visit the NHRS homepage at <http://www.nhrs.org/> and click on *My Account*, or go directly to: <https://www.nhrs.org/NHRSmemberservices/pgwebmember.exe>

Online documentation including "How to Create an Account" and "My Account User Guide" is available on the Retirees Resources page at: <http://www.nhrs.org/Retirees/WMS.aspx>

No Cost-of-Living Adjustment Granted in 2011

Eligible Medical Subsidy recipients will receive one-time supplemental allowance payment

Recently enacted legislation did not provide for a 2011 cost-of-living adjustment (COLA) for eligible retirees or their eligible beneficiaries. As a result, annual pension benefits will remain at current levels.

However, a supplemental allowance for eligible Medical Subsidy recipients who retired from a political subdivision will be paid, as described below:

Supplemental Allowances for Eligible Medical Subsidy Recipients

Legislation enacted in 2008 and amended in 2011 (RSA 100-A:41-d, III.) provided eligible beneficiaries who received the Medical Subsidy as of their latest anniversary date of retirement with supplemental allowances in the form of an annual one-time payment. These annual payments began in July, 2008, and will conclude in July, 2012.

The 2011 payment will be issued in a separate check in addition to the pension payment for July 2011.

Non-Medicare-eligible Medical Subsidy recipients who retired from towns, cities, school districts, counties, or other local government employers will receive an additional supplemental allowance as follows:

- A one-person Medical Subsidy benefit recipient

will receive a payment of \$500.

- A two-person Medical Subsidy benefit recipient will receive a payment of \$1,000.

Medicare-eligible Medical Subsidy recipients who retired from towns, cities, school districts, counties, or other local government employers will receive up to 60% of the non-Medicare-eligible amounts:

- A one-person Medical Subsidy benefit recipient will receive a payment of \$300.
- A two-person Medical Subsidy benefit recipient will receive a total payment of \$600.

A two-person Medical Subsidy benefit recipient may not receive more than \$1,000 per year.

State employees who retired from state service are not eligible for these supplemental payments related to the Medical Subsidy.

Questions about COLAs and other supplemental allowances should be directed to a representative of the NHRS by calling (603) 410-3619 or toll-free at (877) 600-0158, extension 3619.

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Retiree Paper Advices Mailed January, July, and December

Since February, pension recipients enrolled in direct deposit no longer receive monthly paper direct deposit advices. Monthly advices are available online via the *My Account* section of the NHRS website (www.nhrs.org).

NHRS will continue to mail out paper direct deposit advices to all pension recipients in January, July, and December. If you have questions, call NHRS at (603) 410-3671.

Preliminary and Final Benefits for New Retirees

Upon retirement, retirees receive initial notice confirming their preliminary pension amount. Generally, it takes three to four months for the pension to be finalized. At that time, a second notice is mailed to the retiree, confirming the final pension amount.

A retiree's first three to four pension payments could be different from the amount on the original pension estimate. This difference is due to wages, severance pay, and service credit that had not yet been credited to

the retiree's record. NHRS law requires the employer to report to NHRS all wages and other associated termination pay within 120 days from the date of the member's termination in order for those amounts to be included in the pension calculation. To ensure that retirees receive a pension payment as soon as possible following termination from employment, the retiree is added to the NHRS payroll based on preliminary information, and retroactive adjustments are made, if needed, once the benefit is finalized.

The New Hampshire Retirement System (NHRS) is governed by New Hampshire RSA 100-A, rules, regulations, and Federal laws including the Internal Revenue Code. NHRS also implements policies adopted by the Board of Trustees. These laws, rules, regulations, and policies are subject to change. Even though the goal of NHRS is to provide information that is current, correct, and complete, NHRS does not make any representation or warranty as to the current applicability, accuracy, or completeness of any information provided. The information herein is intended to provide general information only, and should not be construed as a legal opinion or as legal advice. Members are encouraged to address specific questions regarding NHRS with an NHRS representative. In the event of any conflict between the information herein and the laws, rules, and regulations which govern NHRS, the laws, rules, and regulations shall prevail.