

Board - April 2026

New Hampshire Retirement System
Board of Trustees Meeting



April 14, 2026 10:00 AM - 12:30 PM Eastern Time (US and Canada)

Agenda Topic	Presenter	Time
1. Ascertain Quorum and Call to Order	D. Roy	10:00 AM-10:05 AM
2. Approval of Minutes	D. Roy	10:05 AM-10:10 AM
February 10, 2026 (Action Expected)		
3. Standing Committee Reports		10:10 AM-10:40 AM
Audit	M. Mezzapelle	
Governance Committee Action Report	D. Roy	
Investment IIC Monthly Report IIC Quarterly Report	R. Leveque	
Legislative	M. Merrifield	
Benefits Committee Report	J. Frederick	
PPCC ED Performance Evaluation (Non-public Expected)	S. Hannan	
4. FY 2025 Valuation Report	D. Roy	10:40 AM-11:20 AM
FY 2028 & FY 2029 Employer Rates (Action Expected)	H. Barry, GRS	

5. Albourne Capital Presentation (Non-public Possible)	Albourne	11:20 AM-11:50 AM
6. Operating Reports		11:50 AM-12:05 PM
Executive	J. Goodwin	
Strategic Plan (Action Expected)		
Contracts (Action Expected)		
80 Commercial Street Expense Update		
Legal	A. Gregori	
Investments	R. Leveque	
Member Services	N. Miller	
Finance	M. Mullen	
Human Resources	R. Cain	
PIO	A. Crutchfield	
IT	S. Gonzalez	
7. Consent Agenda (Action Expected)	D. Roy	12:05 PM-12:10 PM
8. Trustee Travel Reports/Requests	D. Roy	12:10 PM-12:15 PM
9. Action Items - February 10, 2026	J. Goodwin	12:15 PM-12:20 PM
10. Board Checkpoint Discussion	D. Roy	12:20 PM-12:25 PM
11. Adjournment	D. Roy	
12. Informational Materials		
Quarterly Report to the General Court - 3/31/26		
Executive Summary of Board Actions		
2026 Board Action Calendar		
Trustee Appointments and Terms		
Committee Membership		
NHRS Acronyms		

NHRS Board of Trustees

DRAFT Minutes – February 10, 2026

Note: These **draft** minutes from the February 10, 2026, Public Session are subject for approval at a subsequent Board of Trustees meeting.

Board of Trustees

February 10, 2026

DRAFT Public Minutes

**New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301**

Participating: *Maureen Kelliher, Chair; Trustees Jon Frederick, Sue Hannan, Jason Henry, Ken Merrifield, Monica Mezzapelle, Don Roy, and Joshua Quigley.*

Absent: *Trustees Robert Maloney, Andrew Martineau, Leah McKenna, and Steve Saltzman.*

Staff: *Rosamond Cain, Director of Human Resources (HR); Diana Crichton, Associate Counsel and Compliance Officer; Sonja Gonzalez, Chief Information Technology Officer (CITO); Jan Goodwin, Executive Director; Annie Gregori, Chief Legal Counsel; Raynald Leveque, Chief Investment Officer (CIO); Nancy Miller, Director of Member Services; Marie Mullen, Director of Finance; and Mariel Holdredge, Executive Assistant.*

Guests: *Angel Haddad, Jay Kloepfer: Callan; David Levine: Groom Law.*

Chair Maureen Kelliher called the February 10, 2026, regular meeting of the NHRS Board of Trustees to order at 9:31 a.m.

A quorum was established and Chair Kelliher called for a vote to approve the minutes of the December 9, 2025, Board meeting. On a motion by Trustee Henry, seconded by Trustee Roy, the Board voted unanimously to approve the meeting minutes as amended.

Trustee Mezzapelle provided the Audit Committee report, noting the Committee met that morning prior to the Board meeting, at which NHRS' external auditor, Plante Moran, presented the results of the Governmental Accounting Standards Board (GASB) Statements 68 & 75 audit reports - which are reports on the schedule of employer allocations of pension and other post-employment benefit (OPEB) amounts by each employer's proportionate share. Plante Moran issued unmodified opinions for both reports, which the Committee voted to recommend the Board accept. On a motion by Trustee Hannan, seconded by Trustee Henry, the Board voted to accept the June 30, 2025, GASB 68 & 75 Statement Reports.

Trustee Mezzapelle next reported that the Audit Committee voted to recommend the Board accept the Plante Moran contract amendment to increase the contract and an increase to the Trust Fund budget by \$75,000. On a motion by Trustee Roy, seconded by Trustee Frederick, the Board voted to accept the Committee's recommendation as presented.

Trustee Mezzapelle concluded her report with the Committee's recommendation to authorize staff to enter into contract negotiations for internal audit services with Wipfli and authorize an increase in the Trust Fund budget of \$45,000. On a motion by Trustee Hannan, seconded by Trustee Roy, the Board accepted the Audit Committee's recommendation.

Trustee Roy reported that the Governance Committee had a meeting on February 4, 2026, during which the Committee reviewed and recommended that the Board approve the 2026 revisions to the Governance Manual and allow NHRS staff to make routine non-substantive edits to the manual and update the Governance Committee and Board of any changes at its next meeting. On a motion by Trustee Frederick, seconded by Trustee Henry, the Board voted to accept the Committee's recommendation as presented.

CIO Raynald Leveque reported that the Independent Investment Committee (IIC, Committee) met on December 16, 2025, and January 27, 2026 with all five members participating and one position currently vacant. At these meetings the Investment Team provided updates on investment returns in recent periods, portfolio holdings, and the current Work Plan. The Committee unanimously approved several items, including investment management agreement renewals, the Real Estate Investment Plan, and the Private Equity, Private Credit and Infrastructure Pacing Plan.

Mr. Leveque then presented to the Board NHRS' recent portfolio performance, noting a strong finish to Calendar Year 2025 with positive returns across all major asset classes and a net calendar-year return of approximately 12.16%. He highlighted continued solid long-term performance across public and private markets, strong active management results in fixed income and non-U.S. equities, and staff's reduction of global equity exposure to 45% to moderate risk. Total Plan assets reached approximately \$14 billion, with fiscal year-to-date returns near 8% as of the meeting date.

Trustee Merrifield reported on the February 2, 2026, Legislative Committee meeting, during which staff updated the Committee on pending 2026 legislation affecting NHRS. Key topics included House Bill (HB) 1024 and HB 1585, both of which the Committee unanimously recommended the Board formally oppose due to concerns that the proposals would interfere with the fiduciary duties of NHRS Trustees and staff, as well as an update on Senate Bill (SB) 502, which includes NHRS' request to permit remote participation for IIC members and has passed the Senate.

On a motion by Trustee Merrifield, seconded by Trustee Henry, the Board voted to authorize the Executive Director or designee to oppose HB 1024 and HB 1585 as the legislation will interfere with the fiduciary duties of NHRS Trustees and staff. The motion passed, with Trustee Mezzapelle abstaining.

Trustee Frederick provided the Benefits Committee report, noting it met on January 6, 2026, and February 3, 2026. At the January meeting, the Committee reviewed and approved ten disability applications on its Consent Agenda. At the February meeting, the Committee reviewed and approved three disability applications on its Consent Agenda.

Trustee Hannan provided the PPCC report, which met virtually on January 14, 2026, noting the Committee heard a staffing and recruitment update from Rosamond Cain, Director of HR. The Committee discussed timeline and procedure for the Executive Director's annual evaluation, with surveys scheduled to be distributed to the Board on February 17, 2026, and reviewed in a non-public discussion at the April 8, 2026, Board meeting. Committee reviewed

and recommended the Board approve the 2026 revisions to the NHRS Employee Handbook. On a motion by Trustee Frederick, seconded by Trustee Henry, the Board accepted the Committee's recommendation.

Executive Director Goodwin reported that November and December key performance measure (KPM) results were 95% and 97.06%, respectively, maintaining NHRS' performance target. She highlighted strong member and employer feedback from her outreach calls and introduced the kickoff of the FYs 27-29 strategic planning cycle, noting that Board input will inform the upcoming plan and budget development process. She also summarized a request for a retroactive sole-source amendment and budget increase related to expanded low-voltage (LV) infrastructure work at 80 Commercial Street, recommending consolidation of the work under Telephone and Network Technologies (TNT) to ensure warranty protection and project efficiency.

In discussion, Trustees sought additional information regarding the proposed vendor modification, including the scope of work, overall project alignment and associated contractual considerations. Staff provided clarification on implementation details, warranty coverage, and coordination with Milestone Construction, to ensure the revised approach supports operational needs and project objectives.

On a motion by Trustee Henry, seconded by Trustee Roy, the Board voted to authorize NHRS to enter into a retroactive, sole-source amendment of \$84,587 to the existing Guaranteed Maximum Price (GMP) contract with Milestone Construction to replace its LV cabling subcontractor, Irish Electric, with Telephone and Network Technologies (TNT) for NHRS' relocation to 80 Commercial Street and authorize an increase to the FY 26 Trust Fund Capital Expenses Budget by \$85,000 for the renovations to 80 Commercial Street.

CITO Sonja Gonzalez reported on recent IT highlights, including new cybersecurity and software management hires, continued Phase 2 system enhancements to support HB 282, and progress on infrastructure improvements to reduce risk in advance of the move to 80 Commercial Street. She also noted the successful launch of Diligent for Board materials distribution and invited Trustee feedback on the new platform.

CLC Annie Gregori reported that Legal continues outreach and implementation efforts related to HB 282, including recent meetings with public safety associations, and is streamlining department processes, including outsourcing certain GASB audit functions to allow greater focus on compliance and employer education. She also noted interim legislative support activities and plans to outsource the hearing officer role as a best practice to enhance objectivity.

CIO Raynald Leveque reported that investment performance updates were distributed to Trustees and that six December KPMs were achieved, with four not applicable. He also noted upcoming IIC agenda items in March and that the Investment Office Strategic Plan remains on track.

Director of Member Services Nancy Miller updated the Board on ongoing recruitment efforts and temporary staffing impacts due to employee leaves, as well as continued evaluation of department structure. She provided an update on Phase 2 implementation of HB 282, including system design changes, preparation for comprehensive testing of benefit calculations, staff training, and development of updated reference materials and website content. She also noted distribution of annual medical subsidy questionnaires, expanded use of the *My Account* portal for submissions, achievement of all applicable KPMs, and plans

to centralize and redesign member survey reporting into a consolidated dashboard format.

Trustee Quigley then expressed appreciation for Member Services staff, noting positive feedback from members regarding the quality, clarity, and responsiveness of communication related to HB 282.

Director of Finance Marie Mullen presented the Finance Operating Report, noting continued coordination with employers to implement HB 282 reporting requirements and progress on retiree reporting compliance, with 253 employers having submitted the required information ahead of the reporting deadline. She reported that net position increased to \$14.6 billion as of September 2025, up 8.6% since June 2025, while administrative expenses through December remain within budget. Director Mullen also advised that the FY 25 actuarial valuation, including employer contribution rates for FY 28 and FY 29, will be presented at the April Board meeting.

Director of HR Rosamond Cain opened her report with updates on recruiting and current projects, noting active searches for the Director of Communications and Legislative Affairs and an Investment Generalist II position, as well as a Benefit Specialist role currently under review, in addition to recent hires and internal promotions within IT and Investments. She also highlighted an organization-wide records reduction initiative completed in preparation for the upcoming move and outlined plans for a spring all-staff resiliency training in response to workforce well-being trends.

Executive Director Goodwin presented the Public Information Office (PIO) Operating Report, highlighting ongoing website accessibility upgrades in coordination with IT to meet new Web Content Accessibility Guidelines (WCAG) standards, regular staff communications regarding the upcoming move, and scheduled member education events in preparation for the July teacher retirement season. She also referenced activity metrics and increased media coverage during FY 25 related to HB 282.

In brief discussion, Trustees requested additional information on website compliance efforts, and staff outlined key accessibility improvements, including color-contrast adjustments, improved document formatting, and enhanced screen-reader compatibility to ensure the NHRS website meets required accessibility thresholds.

There were no items on the Consent Agenda and no travel reports.

Executive Director Goodwin provided an update on Action Items from the December 9, 2025, Board meeting, commenting that a majority of the issues have been completed, with a couple still in progress.

During the Board Checkpoint Discussion, Trustees raised questions regarding the status of reappointments for NHRS Board members currently serving in holdover status. It was noted that Trustees serving in holdover status may continue to serve and participate fully until successors are appointed and qualified.

Chair Kelliher announced the retirement of Trustee Jason Henry, who has represented state employers on the Board since May 2023 and thanked him for his service and engagement.

With no further business to discuss, on a motion by Trustee Frederick, seconded by Trustee Hannan, the Board voted unanimously to adjourn the meeting at 11:50 a.m.

Respectfully submitted,

Mariel Holdredge,
Executive Assistant

DRAFT

AUDIT COMMITTEE

Internal Audit Findings Action Plan Status Updates

<u>FY of Audit</u>	<u>Audit</u>	<u>Department</u>	<u>Recommendation Outstanding</u>	<u>Status/Evidence of Completion</u>	<u>Expected Completion Date</u>
2023	Audit Recoupment: Outstanding Funds Review	Member Services/ Finance Department/ Legal	Overpayments due to be returned to NHRS need to be tracked and monitored as any other outstanding receivable. A list that provides dates, amounts outstanding, who is responsible for the account and the status. This list should be maintained until the accounts are either paid for or adjustments are made to close the accounts. Closing notes should also be included in the log. To accomplish this the list will need to be accessible to Member Services, Finance, and the Legal Department to allow for completeness and coordination.	Funds requiring collection are being tracked in the Pension Gold system. <i>Response from Finance: Finance and Legal have reviewed the current process and backlog of outstanding receivables. We are working on a formal policy and procedure to enhance current processes. We are also reviewing whether collections can be outsourced, completed internally, or a hybrid approach.</i> <i>Finance indicates that Pension Gold inception to date collections statistics are as follows: March 2026 72%, November 2025 66%, September 2025 65%, May 2025 64%, March 2025 60%.</i>	December 2026
2025	Temporary Supplemental Allowance	Member Services	Internal Audit is recommending that improvements be made to the process of obtaining the necessary data from the Pension Gold system. Improving the systemic filtering capabilities would save time and reduce the opportunity for error. If this isn't possible, IA recommends that another system such as pivot tables be used to minimize the reliance on individuals to manually filter the records to meet requirements.	Management would prefer to not use outside of PAS spreadsheets. Accordingly, Management will be asking NHRS project management to pursue system changes and submit any appropriate PIR as needed. If no PAS changes can be arrived at, either filter functions within excel or pivot tables will be used to sort data pulled from PG.	These items have been prioritized and added to the waitlist (Road Map) with other outstanding items to be discussed with LRS.
2025	Temporary Supplemental Allowance	Member Services	Adding Date of Death column to the Batch Adjustment Payee Listing.	Management agrees and will be submitting a ticket for PIR request/review with LRS for future enhancements. That cost, when received in a CR will be reviewed and approved by Executive Team.	These items have been prioritized and added to the waitlist (Road Map) with other outstanding items to be discussed with LRS.
2025	Temporary Supplemental Allowance	Member Services	IA is recommending that a system control be added to this, and any similar screen(s), to prevent additional payments from being sent accidentally. If a TSA adjustment is being entered, these dates must be added before moving to the next screen.	Management will request clarification that a "hard stop" requirement via coding can be made in the PAS process when processing TSAs to require users to enter a termination date. The clarification will confirm that there will be no impact to the process when processing COLA adjustments. If there is no conflict, the adjustment will be requested via a PIR and subsequent CR approval for future enhancement.	These items have been prioritized and added to the waitlist (Road Map) with other outstanding items to be discussed with LRS.

GOVERNANCE COMMITTEE

INDEPENDENT INVESTMENT COMMITTEE (IIC)

Independent Investment Committee's Monthly Report to the Board

NHRS Investment Team
Board of Trustees Meeting
April 14, 2026

Total Plan Performance as of February 28, 2026 (Preliminary)



Net of Fees Returns for Periods Ended February 28, 2026									
Composite	Total Fund Weighting As of 2/28/2026	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Global Equity	46.70%	1.82%	7.11%	15.52%	5.90%	22.17%	-	-	-
MSCI ACWI IMI		1.57%	5.98%	16.59%	4.90%	25.09%	-	-	-
Excess Return		0.24%	1.12%	-1.07%	0.99%	-2.91%	-	-	-
Total Domestic Equity	24.26%	0.70%	3.91%	13.63%	3.99%	16.73%	17.84%	11.21%	13.72%
Domestic Equity Benchmark(1)		-0.48%	1.05%	11.96%	1.07%	17.02%	20.93%	13.03%	14.91%
Excess Return		1.18%	2.86%	1.67%	2.92%	-0.29%	-3.10%	-1.82%	-1.19%
Total Non US Equity	22.44%	3.06%	10.83%	17.28%	8.04%	29.64%	18.46%	9.06%	10.09%
Non US Equity Benchmark(2)		5.05%	14.58%	24.71%	11.40%	40.36%	19.84%	9.73%	10.47%
Excess Return		-2.00%	-3.76%	-7.43%	-3.36%	-10.72%	-1.39%	-0.67%	-0.38%
Total Fixed Income	28.09%	1.55%	1.70%	4.93%	1.78%	7.21%	5.81%	1.27%	3.31%
Bloomberg Capital Universe Bond Index		1.52%	1.60%	5.08%	1.67%	6.53%	5.62%	0.78%	2.42%
Excess Return		0.03%	0.10%	-0.15%	0.10%	0.69%	0.18%	0.49%	0.89%
Total Cash	0.69%	0.30%	0.88%	2.65%	0.59%	4.16%	4.85%	3.36%	2.33%
3-Month Treasury Bill		0.27%	0.91%	2.63%	0.56%	4.04%	4.78%	3.28%	2.23%
Excess Return		0.03%	-0.03%	0.02%	0.04%	0.12%	0.07%	0.08%	0.10%
Total Real Estate (Q3)*	8.45%	-0.03%	1.94%	1.86%	1.05%	5.45%	-3.31%	6.29%	7.29%
Real Estate Benchmark(3)		0.23%	0.64%	1.81%	0.46%	3.01%	-4.89%	2.54%	3.96%
Excess Return		-0.26%	1.30%	0.05%	0.59%	2.44%	1.58%	3.76%	3.33%
Total Private Equity (Q3)*	11.11%	0.00%	1.78%	1.78%	0.02%	5.26%	5.71%	12.20%	11.87%
Private Equity Benchmark(4)		0.43%	6.38%	24.21%	2.72%	15.76%	22.03%	17.32%	17.40%
Excess Return		-0.44%	-4.60%	-22.43%	-2.70%	-10.50%	-16.32%	-5.12%	-5.53%
Total Private Debt (Q3)*	4.96%	-0.01%	2.38%	2.27%	0.42%	6.95%	5.99%	7.51%	6.29%
Private Debt Benchmark(5)		0.59%	1.78%	7.00%	0.98%	8.13%	10.63%	6.56%	5.69%
Excess Return		-0.60%	0.60%	-4.73%	-0.56%	-1.18%	-4.64%	0.95%	0.60%
Total Fund Composite	100.00%	1.27%	4.24%	9.08%	3.30%	13.69%	10.76%	8.19%	9.36%
Total Fund Benchmark(6)		1.26%	4.18%	12.35%	3.23%	16.29%	13.69%	8.53%	9.68%
Excess Return		0.01%	0.07%	-3.28%	0.07%	-2.60%	-2.93%	-0.34%	-0.32%

(1) The Domestic Equity Benchmark is the Russell 3000 Index as of 7/1/2021.

(2) The Non US Equity Index is the MSCI ACWI ex US IMI Index as of 7/1/2024. Prior to 7/1/2024, it was the MSCI ACWI Ex-US Index.

(3) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(4) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(5) The Private Debt Benchmark is (50% MStar LSTA Leveraged Loan 100 Idx + 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

(6) Current Month Target = 50.0% MSCI ACWI IMI, 25.0% Bloomberg Universal, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

(7) For the trailing 25 year period ended 2/28/26, the Total Fund has returned 6.72% versus the Total Fund Custom Benchmark return of 7.37%.

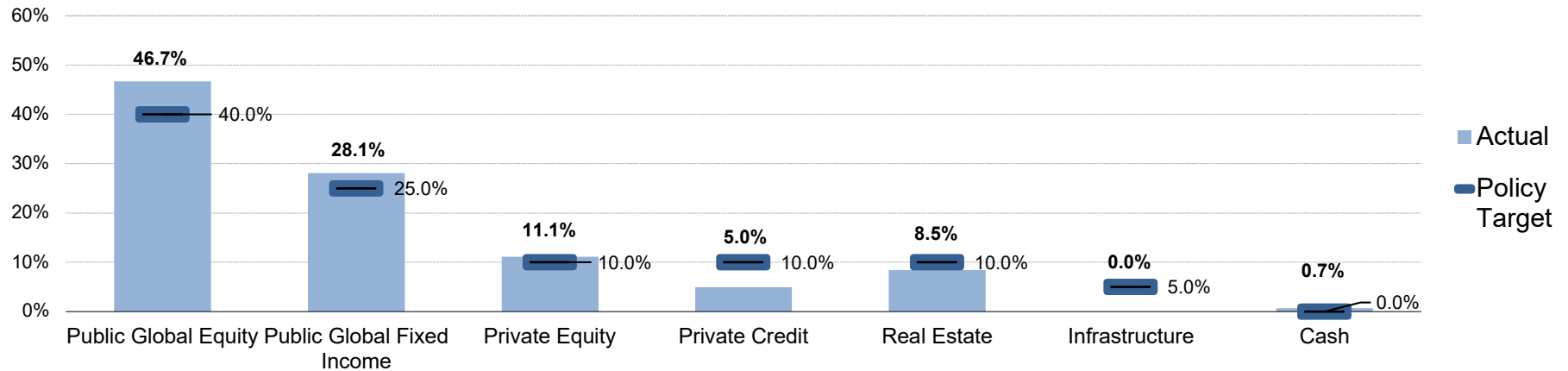
*Real Estate and Alternatives market values reflect current custodian valuations, which are typically lagged approximately 1 quarter.

FYTD Fiscal Year to Date
CYTD Calendar Year to Date
LYM Last Twelve Months

Asset Class Policy Targets vs. Actual Allocation



**Asset Class Targets vs. Actual Allocation
as of February 28, 2026 (Preliminary)**



Figures in **bold** represent actual allocation amount.

Asset Class	Policy Target	Actual	Range
Public Global Equity	40.0%	46.7%	30 - 50%
Public Global Fixed Income	25.0%	28.1%	18 - 32%
Private Equity	10.0%	11.1%	5 - 15%
Private Credit	10.0%	5.0%	0 - 15%
Real Estate	10.0%	8.5%	5 - 20%
Infrastructure	5.0%	0.0%	0 - 15%
Cash	0.0%	0.7%	0 - 5%
	100.0%		

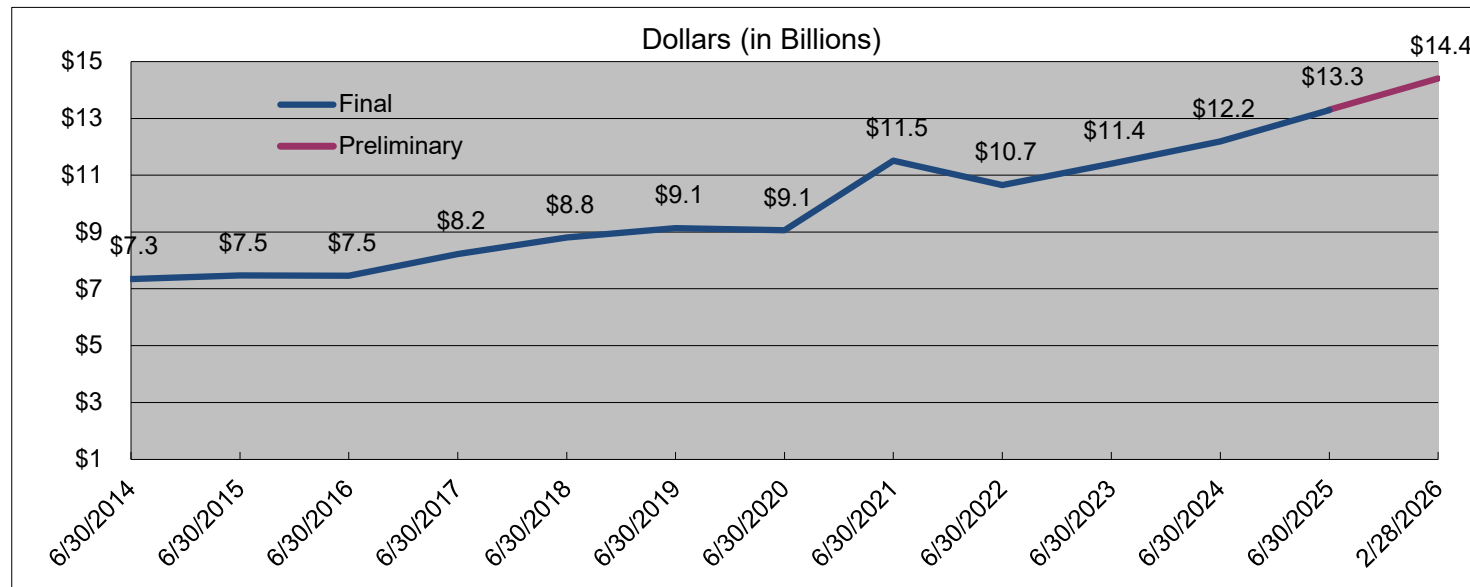
Note: private infrastructure and private credit allocations will be scaled up incrementally in subsequent periods to meet target allocations effective as of 7/1/2024.

Source: NHRS

Total Fund Market Value



Fiscal Year	Dollars (in Billions)
June 30, 2014	\$7.3
June 30, 2015	\$7.5
June 30, 2016	\$7.5
June 30, 2017	\$8.2
June 30, 2018	\$8.8
June 30, 2019	\$9.1
June 30, 2020	\$9.1
June 30, 2021	\$11.5
June 30, 2022	\$10.7
June 30, 2023	\$11.4
June 30, 2024	\$12.2
June 30, 2025	\$13.3
February 28, 2026	\$14.4

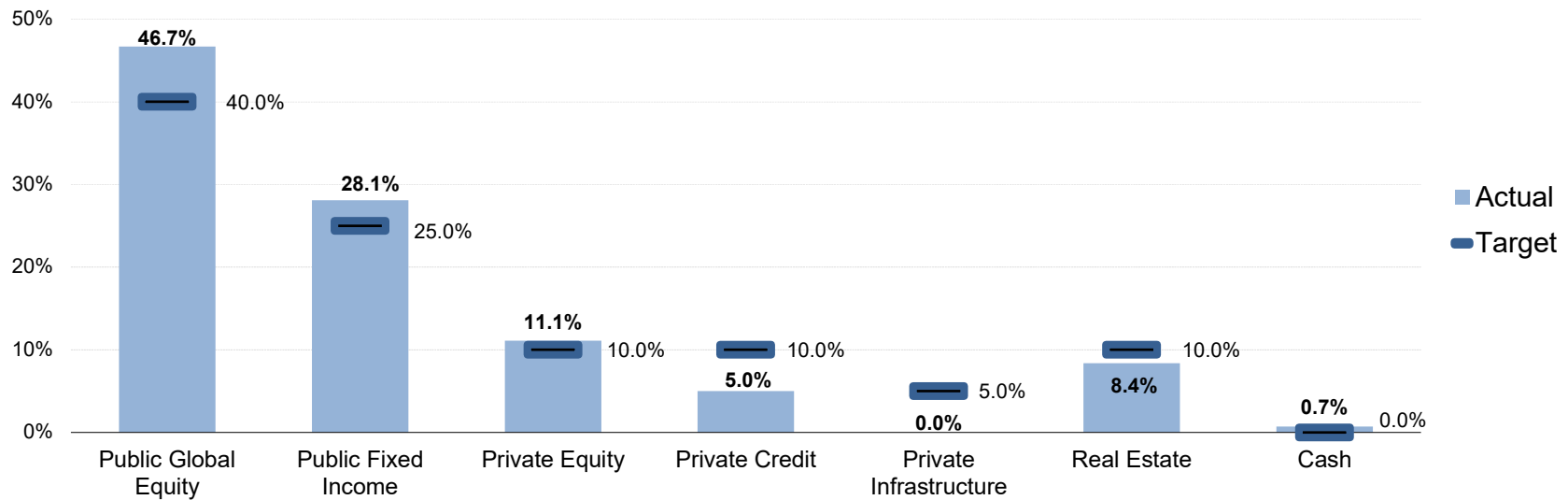


Source: NHRS

Current Status



Class Targets vs. Actual Allocation as of February 28, 2026 (Preliminary)



Figures in **bold** represent actual allocation amount.

Note: private infrastructure and private credit allocations will be scaled up incrementally in subsequent periods to meet target allocations effective as of 7/1/2024.

Source: NHRS

Asset Class Allocations Relative to Policy Targets and Ranges



As of February 28, 2026 (preliminary)

Asset Class	Range ¹	Allocation			Objective	Comments
		Target	Actual	Variance		
Public Markets						
Global Equity	30 - 50%	40.0%	46.7%	6.7%	Monitor	Following the IIC's approval of the U.S. equity restructure at its January meeting, staff initiated and completed a transition of approximately \$1.3 billion from the Small Cap and SMID Cap asset classes into the existing passive Large Cap S&P 500 index vehicle, as of March 10, 2026.
Fixed Income	18 - 32%	25.0%	28.1%	3.1%	Monitor	No immediate action needed.
Private Markets						
Equity ¹	5 - 15%	10.0%	11.1%	1.1%	Monitor	No immediate action needed.
Credit ¹	0 - 15%	10.0%	5.0%	-5.0%	Action	To be scaled up incrementally over subsequent periods as part of SAA implementation.
Infrastructure	0 - 15%	5.0%	0.0%	-5.0%	Action	To be scaled up incrementally over subsequent periods as part of SAA implementation.
Real Estate (RE)	5 - 20%	10.0%	8.4%	-1.6%	Monitor	No immediate action needed.
Cash Equivalents	0 - 5%	0.0%	0.7%	0.7%	No Action	Minimal cash balance to provide liquidity, as needed, for annuities, capital calls and other plan needs.
		100.0%	100.0%	0.0%		

¹As reported on the February 28, 2026 Callan Monthly Review.

Source: NHRS

February 28, 2026



New Hampshire Retirement System

Investment Measurement Service Monthly Review

The table below details the rates of return for the fund’s asset classes over various time periods ended February 28, 2026. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended February 28, 2026									
Composite	Total Fund Weighting As of 2/28/2026	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Global Equity	46.70%	1.82%	7.11%	15.52%	5.90%	22.17%	-	-	-
MSCI ACWI IMI		1.57%	5.98%	16.59%	4.90%	25.09%	-	-	-
Excess Return		0.24%	1.12%	-1.07%	0.99%	-2.91%	-	-	-
Total Domestic Equity	24.26%	0.70%	3.91%	13.63%	3.99%	16.73%	17.84%	11.21%	13.72%
Domestic Equity Benchmark(1)		-0.48%	1.05%	11.96%	1.07%	17.02%	20.93%	13.03%	14.91%
Excess Return		1.18%	2.86%	1.67%	2.92%	-0.29%	-3.10%	-1.82%	-1.19%
Total Non US Equity	22.44%	3.06%	10.83%	17.28%	8.04%	29.64%	18.46%	9.06%	10.09%
Non US Equity Benchmark(2)		5.05%	14.58%	24.71%	11.40%	40.36%	19.84%	9.73%	10.47%
Excess Return		-2.00%	-3.76%	-7.43%	-3.36%	-10.72%	-1.39%	-0.67%	-0.38%
Total Fixed Income	28.09%	1.55%	1.70%	4.93%	1.78%	7.21%	5.81%	1.27%	3.31%
Bloomberg Capital Universe Bond Index		1.52%	1.60%	5.08%	1.67%	6.53%	5.62%	0.78%	2.42%
Excess Return		0.03%	0.10%	-0.15%	0.10%	0.69%	0.18%	0.49%	0.89%
Total Cash	0.69%	0.30%	0.88%	2.65%	0.59%	4.16%	4.85%	3.36%	2.33%
3-Month Treasury Bill		0.27%	0.91%	2.63%	0.56%	4.04%	4.78%	3.28%	2.23%
Excess Return		0.03%	-0.03%	0.02%	0.04%	0.12%	0.07%	0.08%	0.10%
Total Real Estate (Q3)*	8.45%	-0.03%	1.94%	1.86%	1.05%	5.45%	-3.31%	6.29%	7.29%
Real Estate Benchmark(3)		0.23%	0.64%	1.81%	0.46%	3.01%	-4.89%	2.54%	3.96%
Excess Return		-0.26%	1.30%	0.05%	0.59%	2.44%	1.58%	3.76%	3.33%
Total Private Equity (Q3)*	11.11%	0.00%	1.78%	1.78%	0.02%	5.26%	5.71%	12.20%	11.87%
Private Equity Benchmark(4)		0.43%	6.38%	24.21%	2.72%	15.76%	22.03%	17.32%	17.40%
Excess Return		-0.44%	-4.60%	-22.43%	-2.70%	-10.50%	-16.32%	-5.12%	-5.53%
Total Private Debt (Q3)*	4.96%	-0.01%	2.38%	2.27%	0.42%	6.95%	5.99%	7.51%	6.29%
Private Debt Benchmark(5)		0.59%	1.78%	7.00%	0.98%	8.13%	10.63%	6.56%	5.69%
Excess Return		-0.60%	0.60%	-4.73%	-0.56%	-1.18%	-4.64%	0.95%	0.60%
Total Fund Composite	100.00%	1.27%	4.24%	9.08%	3.30%	13.69%	10.76%	8.19%	9.36%
Total Fund Benchmark(6)		1.26%	4.18%	12.35%	3.23%	16.29%	13.69%	8.53%	9.68%
Excess Return		0.01%	0.07%	-3.28%	0.07%	-2.60%	-2.93%	-0.34%	-0.32%

(1) The Domestic Equity Benchmark is the Russell 3000 Index as of 7/1/2021.

(2) The Non US Equity Index is the MSCI ACWI ex US IMI Index as of 7/1/2024. Prior to 7/1/2024, it was the MSCI ACWI Ex-US Index.

(3) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(4) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(5) The Private Debt Benchmark is (50% MStar LSTA Leveraged Loan 100 Idx + 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

(6) Current Month Target = 50.0% MSCI ACWI IMI, 25.0% Bloomberg Universal, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

(7) For the trailing 25 year period ended 2/28/26, the Total Fund has returned 6.72% versus the Total Fund Custom Benchmark return of 7.37%.

*Real Estate and Alternatives market values reflect current custodian valuations, which are typically lagged approximately 1 quarter.

The table below details the rates of return for the fund's investment managers over various time periods ended February 28, 2026. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended February 28, 2026									
Composite	Total Fund Weighting As of 2/28/2026	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Domestic Equity	24.26%	0.70%	3.91%	13.63%	3.99%	16.73%	17.84%	11.21%	13.72%
<i>Domestic Equity Benchmark(1)</i>		-0.48%	1.05%	11.96%	1.07%	17.02%	20.93%	13.03%	14.91%
<i>Excess Return</i>		1.18%	2.86%	1.67%	2.92%	-0.29%	-3.10%	-1.82%	-1.19%
Large Cap Domestic Equity	11.48%	-0.76%	0.73%	11.74%	0.67%	16.97%	21.75%	14.15%	14.83%
<i>S&P 500 Index</i>		-0.76%	0.74%	11.75%	0.68%	16.99%	21.80%	14.19%	15.50%
<i>Excess Return</i>		0.00%	-0.01%	-0.01%	-0.01%	-0.02%	-0.06%	-0.04%	-0.67%
BlackRock S&P 500	11.48%	-0.76%	0.73%	11.74%	0.67%	16.97%	21.75%	14.15%	15.47%
<i>S&P 500 Index</i>		-0.76%	0.74%	11.75%	0.68%	16.99%	21.80%	14.19%	15.50%
<i>Excess Return</i>		0.00%	-0.01%	-0.01%	-0.01%	-0.02%	-0.06%	-0.04%	-0.03%
Smid Cap Domestic Equity	1.05%	1.59%	7.36%	13.45%	6.19%	13.81%	11.20%	6.51%	10.79%
<i>Russell 2500 Index</i>		2.45%	7.65%	19.84%	7.56%	21.97%	13.80%	6.95%	12.06%
<i>Excess Return</i>		-0.86%	-0.29%	-6.39%	-1.37%	-8.17%	-2.60%	-0.44%	-1.27%
TSW	1.05%	1.28%	6.96%	13.27%	5.01%	14.28%	10.96%	8.88%	9.11%
<i>TSW Blended Benchmark (2)</i>		3.87%	10.59%	22.75%	10.01%	24.54%	14.31%	9.76%	12.23%
<i>Excess Return</i>		-2.59%	-3.63%	-9.47%	-5.00%	-10.26%	-3.35%	-0.88%	-3.12%
Small Cap Domestic Equity	2.76%	2.16%	6.31%	15.46%	7.70%	15.29%	12.36%	7.14%	12.98%
<i>Russell 2000 Index</i>		0.80%	5.58%	21.98%	6.20%	23.34%	13.14%	5.05%	11.30%
<i>Excess Return</i>		1.35%	0.72%	-6.52%	1.51%	-8.05%	-0.78%	2.09%	1.68%
Segall Bryant & Hamill	1.02%	4.24%	8.63%	17.55%	9.93%	17.05%	12.00%	7.74%	12.84%
<i>Russell 2000 Index</i>		0.80%	5.58%	21.98%	6.20%	23.34%	13.14%	5.05%	11.30%
<i>Excess Return</i>		3.44%	3.04%	-4.42%	3.74%	-6.29%	-1.14%	2.69%	1.54%
Wellington	1.74%	1.17%	6.81%	22.42%	7.99%	25.08%	16.94%	7.52%	14.31%
<i>Russell 2000 Index</i>		0.80%	5.58%	21.98%	6.20%	23.34%	13.14%	5.05%	11.30%
<i>Excess Return</i>		0.37%	1.23%	0.44%	1.79%	1.74%	3.81%	2.48%	3.01%
BlackRock Transition	8.97%	-	-	-	-	-	-	-	-

(1) The Domestic Equity Benchmark is the Russell 3000 Index as of 7/1/2021.

(2) TSW Blended Benchmark is the Russell 2500 Value Index as of 7/1/2019. Prior to 7/1/2019 it was the Russell 2500.

The table below details the rates of return for the fund’s investment managers over various time periods ended February 28, 2026. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended February 28, 2026									
Composite	Total Fund Weighting As of 2/28/2026	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Non US Equity	22.44%	3.06%	10.83%	17.28%	8.04%	29.64%	18.46%	9.06%	10.09%
Non US Equity Benchmark (1)		5.05%	14.58%	24.71%	11.40%	40.36%	19.84%	9.73%	10.47%
Excess Return		-2.00%	-3.76%	-7.43%	-3.36%	-10.72%	-1.39%	-0.67%	-0.38%
Core Non US Equity	14.64%	4.26%	14.53%	21.90%	10.35%	36.63%	20.92%	11.87%	10.71%
Core Non US Benchmark (2)		5.02%	14.64%	24.98%	11.30%	39.71%	19.90%	9.76%	10.48%
Excess Return		-0.77%	-0.11%	-3.08%	-0.95%	-3.08%	1.02%	2.11%	0.23%
Aristotle	3.22%	3.96%	10.00%	14.95%	7.30%	27.24%	16.82%	8.98%	-
MSCI EAFE		4.63%	13.39%	20.94%	10.09%	34.63%	18.77%	10.78%	-
Excess Return		-0.66%	-3.39%	-5.99%	-2.78%	-7.40%	-1.95%	-1.81%	-
Artisan Partners	4.54%	4.03%	17.35%	21.79%	13.43%	41.80%	23.68%	12.35%	11.19%
MSCI EAFE		4.63%	13.39%	20.94%	10.09%	34.63%	18.77%	10.78%	10.26%
Excess Return		-0.60%	3.97%	0.85%	3.34%	7.17%	4.91%	1.56%	0.94%
BlackRock SuperFund	2.04%	4.88%	14.50%	24.92%	11.27%	39.99%	20.07%	-	-
MSCI ACWI Ex-US		5.02%	14.64%	24.98%	11.30%	39.71%	19.90%	-	-
Excess Return		-0.14%	-0.14%	-0.07%	-0.03%	0.28%	0.17%	-	-
Causeway Capital	4.83%	4.42%	15.13%	25.95%	9.29%	37.54%	22.59%	14.83%	11.96%
MSCI EAFE		4.63%	13.39%	20.94%	10.09%	34.63%	18.77%	10.78%	10.26%
Excess Return		-0.20%	1.74%	5.01%	-0.79%	2.90%	3.81%	4.04%	1.71%
Emerging Markets	1.56%	-2.01%	1.33%	6.60%	1.76%	20.41%	12.47%	0.13%	6.38%
MSCI EM		5.50%	18.27%	33.07%	14.83%	49.96%	21.53%	6.31%	10.69%
Excess Return		-7.50%	-16.94%	-26.47%	-13.07%	-29.55%	-9.06%	-6.18%	-4.31%
Wellington Emerging Markets	1.56%	-2.01%	1.33%	6.60%	1.76%	20.41%	12.32%	0.19%	7.05%
MSCI EM		5.50%	18.27%	33.07%	14.83%	49.96%	21.53%	6.31%	10.69%
Excess Return		-7.50%	-16.94%	-26.47%	-13.07%	-29.55%	-9.21%	-6.12%	-3.64%
Non US Small Cap	1.49%	5.29%	14.48%	25.26%	12.61%	49.45%	19.99%	8.08%	5.97%
MSCI EAFE Small Cap		4.79%	13.38%	20.89%	10.86%	41.70%	17.00%	7.34%	9.51%
Excess Return		0.50%	1.10%	4.37%	1.75%	7.75%	2.99%	0.73%	-3.54%
Wellington Int'l Small Cap Research	1.49%	5.29%	14.48%	25.26%	12.61%	49.45%	19.99%	-	-
MSCI EAFE Small Cap		4.79%	13.38%	20.89%	10.86%	41.70%	17.00%	-	-
Excess Return		0.50%	1.10%	4.37%	1.75%	7.75%	2.99%	-	-
Global Equity	4.74%	0.52%	2.72%	6.23%	2.20%	10.40%	13.28%	8.12%	12.23%
MSCI ACWI net		1.29%	5.38%	15.93%	4.29%	24.19%	20.73%	11.72%	12.97%
Excess Return		-0.76%	-2.65%	-9.70%	-2.09%	-13.79%	-7.45%	-3.60%	-0.75%
Walter Scott Global Equity	4.74%	0.52%	2.72%	6.23%	2.20%	10.40%	13.28%	8.12%	12.23%
Walter Scott Blended Benchmark (3)		1.29%	5.38%	15.93%	4.29%	24.19%	20.73%	11.72%	12.97%
Excess Return		-0.76%	-2.65%	-9.70%	-2.09%	-13.79%	-7.45%	-3.60%	-0.75%

(1) The Non US Equity Index is the MSCI ACWI ex US IMI Index as of 7/1/2024. Prior to 7/1/2024, it was the MSCI ACWI Ex-US Index.

(2) The Core Non US Equity Index is the MSCI ACWI ex US Index as of 7/1/2007. Prior to 7/1/2007 it was the MSCI EAFE Index.

(3) The Walter Scott Blended Benchmark is the MSCI ACWI Index as 5/1/2008. Prior to 5/1/2008 it was the MSCI EAFE Index.

The table below details the rates of return for the fund's investment managers over various time periods ended February 28, 2026. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Composite	Net of Fees Returns for Periods Ended February 28, 2026								
	Total Fund Weighting As of 2/28/2026	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Fixed Income	28.09%	1.55%	1.70%	4.93%	1.78%	7.21%	5.81%	1.27%	3.31%
<i>Fixed Income Benchmark (1)</i>		1.52%	1.60%	5.08%	1.67%	6.53%	5.62%	0.78%	2.42%
<i>Excess Return</i>		0.03%	0.10%	-0.15%	0.10%	0.69%	0.18%	0.49%	0.89%
BlackRock SIO Bond Fund	2.16%	0.90%	2.17%	5.61%	1.71%	8.09%	7.15%	3.36%	-
<i>BlackRock Custom Benchmark (2)</i>		0.29%	0.95%	2.75%	0.60%	4.26%	4.94%	3.45%	-
<i>Excess Return</i>		0.61%	1.21%	2.85%	1.11%	3.83%	2.21%	-0.09%	-
FIAM (Fidelity) Tactical Bond	2.94%	1.72%	1.49%	4.95%	1.94%	6.50%	5.55%	1.89%	-
<i>Bloomberg Aggregate</i>		1.64%	1.60%	4.95%	1.75%	6.26%	5.12%	0.42%	-
<i>Excess Return</i>		0.09%	-0.11%	0.00%	0.20%	0.24%	0.42%	1.47%	-
Income Research & Management	6.06%	1.64%	1.45%	4.69%	1.71%	5.88%	5.18%	0.52%	2.48%
<i>Bloomberg Gov/Credit</i>		1.64%	1.36%	4.51%	1.64%	5.83%	5.01%	0.30%	2.09%
<i>Excess Return</i>		0.00%	0.09%	0.18%	0.07%	0.05%	0.16%	0.23%	0.39%
Loomis Sayles	2.35%	1.18%	2.17%	5.99%	1.56%	8.81%	8.01%	2.93%	5.39%
<i>Loomis Sayles Custom Benchmark (3)</i>		1.13%	1.48%	4.83%	1.38%	6.60%	6.62%	1.86%	3.66%
<i>Excess Return</i>		0.05%	0.69%	1.15%	0.18%	2.22%	1.39%	1.07%	1.73%
Manulife Core Bond	6.02%	1.64%	1.88%	-	1.90%	-	-	-	-
<i>Bloomberg Aggregate</i>		1.64%	1.60%	-	1.75%	-	-	-	-
<i>Excess Return</i>		0.00%	0.28%	-	0.15%	-	-	-	-
Mellon US Agg Bond Index	8.57%	1.63%	1.51%	4.85%	1.76%	6.15%	-	-	-
<i>Bloomberg Aggregate</i>		1.64%	1.60%	4.95%	1.75%	6.26%	-	-	-
<i>Excess Return</i>		-0.01%	-0.08%	-0.11%	0.01%	-0.12%	-	-	-
Total Cash	0.69%	0.30%	0.88%	2.65%	0.59%	4.16%	4.85%	3.36%	2.33%
<i>3-month Treasury Bill</i>		0.27%	0.91%	2.63%	0.56%	4.04%	4.78%	3.28%	2.23%
<i>Excess Return</i>		0.03%	-0.03%	0.02%	0.04%	0.12%	0.07%	0.08%	0.10%
Total Marketable Assets	75.47%	1.70%	5.01%	11.57%	4.26%	16.51%	14.20%	7.64%	9.51%
<i>Total Marketable Index (4)</i>		1.56%	4.52%	12.65%	3.83%	18.68%	15.28%	8.03%	9.63%
<i>Excess Return</i>		0.14%	0.49%	-1.08%	0.43%	-2.17%	-1.08%	-0.40%	-0.12%

(1) The Fixed Income Benchmark is the Bloomberg Universal Bond Index as of 7/1/2007.

(2) The BlackRock Custom Benchmark is 3 Month SOFR compounded in arrears as of 1/1/2022.

(3) The Loomis Sayles Custom Benchmark is 65% Bloomberg Aggregate and 35% Bloomberg High Yield.

(4) Marketable Assets Index is 66.7% MSCI ACWI IML and 33.3% Bloomberg Universal as of 7/1/24. Prior, the benchmark was 40% Russell 3000, 26.7% MSCI ACWI ex US, and 33.3% Bloomberg Universal (as of 7/1/2021).

The table below details the rates of return for the fund's investment managers over various time periods ended February 28, 2026. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended February 28, 2026									
Composite	Total Fund Weighting As of 2/28/2026	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Real Estate (Q3)* (5)	8.45%	-0.03%	1.94%	1.86%	1.05%	5.45%	-3.31%	6.29%	7.29%
<i>Real Estate Benchmark (1)</i>		0.23%	0.64%	1.81%	0.46%	3.01%	-4.89%	2.54%	3.96%
<i>Excess Return</i>		-0.26%	1.30%	0.05%	0.59%	2.44%	1.58%	3.76%	3.33%
Strategic Core Real Estate (Q3)*	4.60%	0.00%	2.53%	2.53%	1.77%	6.14%	-5.40%	4.62%	5.98%
<i>Real Estate Benchmark (1)</i>		0.23%	0.64%	1.81%	0.46%	3.01%	-4.89%	2.54%	3.96%
<i>Excess Return</i>		-0.23%	1.89%	0.72%	1.31%	3.13%	-0.51%	2.09%	2.01%
Tactical Non-Core Real Estate (Q3)*	3.86%	-0.07%	1.24%	1.08%	0.19%	4.62%	0.60%	9.22%	9.60%
<i>Real Estate Benchmark (1)</i>		0.23%	0.64%	1.81%	0.46%	3.01%	-4.89%	2.54%	3.96%
<i>Excess Return</i>		-0.30%	0.60%	-0.74%	-0.27%	1.62%	5.49%	6.69%	5.64%
Total Alternative Assets (Q3)*	16.07%	0.00%	1.97%	1.93%	0.14%	5.74%	5.80%	10.82%	9.39%
<i>Alternative Assets Benchmark (2)</i>		0.49%	4.84%	18.26%	2.14%	13.28%	18.25%	13.80%	12.54%
<i>Excess Return</i>		-0.49%	-2.87%	-16.32%	-2.00%	-7.55%	-12.45%	-2.98%	-3.15%
Total Private Equity (Q3)*	11.11%	0.00%	1.78%	1.78%	0.02%	5.26%	5.71%	12.20%	11.87%
<i>Private Equity Benchmark (3)</i>		0.43%	6.38%	24.21%	2.72%	15.76%	22.03%	17.32%	17.40%
<i>Excess Return</i>		-0.44%	-4.60%	-22.43%	-2.70%	-10.50%	-16.32%	-5.12%	-5.53%
Total Private Debt (Q3)*	4.96%	-0.01%	2.38%	2.27%	0.42%	6.95%	5.99%	7.51%	6.29%
<i>Private Debt Benchmark (4)</i>		0.59%	1.78%	7.00%	0.98%	8.13%	10.63%	6.56%	5.69%
<i>Excess Return</i>		-0.60%	0.60%	-4.73%	-0.56%	-1.18%	-4.64%	0.95%	0.60%

(1) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(2) The Alternative Assets Benchmark is 66.7% Russell 3000 Index + 2% lagged 1 quarter and 33.3% ((50% S&P LSTA Leveraged Loan 100 Index + 50% Bloomberg High Yield Index) + 1%) lagged 1 quarter as of 7/1/2022.

(3) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(4) The Private Debt Benchmark is (50% MStar LSTA Leveraged Loan 100 Index / 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

(5) Total Real Estate returns includes Townsend discretionary fee as of 7/1/2022.

*Real Estate and Alternatives market values reflect current custodian valuations, which are typically lagged approximately 1 quarter.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of February 28, 2026, with the distribution as of January 31, 2026. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	February 28, 2026		Net New Inv.	Inv. Return	January 31, 2026	
	Market Value	Weight			Market Value	Weight
Global Equity	\$6,727,793,917	46.70%	\$8,728	\$119,244,851	\$6,608,540,339	46.35%
Total Domestic Equity	\$3,495,366,059	24.26%	\$8,733	\$22,307,270	\$3,473,050,057	24.36%
Large Cap Domestic Equity	\$1,654,455,398	11.48%	\$0	\$(12,689,161)	\$1,667,144,559	11.69%
Blackrock S&P 500	1,654,455,398	11.48%	0	(12,689,161)	1,667,144,559	11.69%
SMid Cap Domestic Equity	\$151,105,774	1.05%	\$(721,871,364)	\$10,631,299	\$862,345,840	6.05%
AllianceBernstein	258,790	0.00%	(543,297,367)	8,125,066	535,431,091	3.76%
TSW	150,846,984	1.05%	(178,573,997)	2,506,233	326,914,749	2.29%
Small Cap Domestic Equity	\$397,230,821	2.76%	\$(565,657,415)	\$19,328,579	\$943,559,657	6.62%
Boston Trust	176,939	0.00%	(268,858,903)	1,795,378	267,240,463	1.87%
Segall Bryant & Hamill	147,077,995	1.02%	(175,137,838)	13,536,584	308,679,248	2.16%
Wellington	249,975,888	1.74%	(121,660,675)	3,996,617	367,639,946	2.58%
BlackRock Transition	1,292,574,066	8.97%	1,287,537,512	5,036,553	-	-
Total Non US Equity	\$3,232,427,858	22.44%	\$(5)	\$96,937,581	\$3,135,490,282	21.99%
Core Non US Equity (1)	\$2,109,389,276	14.64%	\$(5)	\$86,735,563	\$2,022,653,718	14.19%
Aristotle	463,616,555	3.22%	0	17,811,204	445,805,351	3.13%
Artisan Partners	653,419,293	4.54%	0	25,533,886	627,885,407	4.40%
BlackRock Superfund	293,985,176	2.04%	0	13,680,577	280,304,599	1.97%
Causeway Capital	695,996,689	4.83%	0	29,728,877	666,267,811	4.67%
Lazard	973,393	0.01%	(5)	(7,071)	980,469	0.01%
SSGA Transition	861,272	0.01%	0	(7,840)	869,112	0.01%
Emerging Markets	\$225,071,862	1.56%	\$0	\$(4,441,087)	\$229,512,949	1.61%
Wellington Emerging Markets	225,071,862	1.56%	0	(4,441,087)	229,512,949	1.61%
Non US Small Cap	\$214,565,178	1.49%	\$0	\$10,885,994	\$203,679,184	1.43%
Wellington Int'l Small Cap Research	214,565,178	1.49%	0	10,885,994	203,679,184	1.43%
World Equity	\$683,401,542	4.74%	\$0	\$3,757,111	\$679,644,432	4.77%
Walter Scott Global Equity	683,401,542	4.74%	0	3,757,111	679,644,432	4.77%
Total Fixed Income	\$4,046,295,757	28.09%	\$(8,733)	\$62,199,729	\$3,984,104,760	27.94%
BlackRock SIO Bond Fund	310,930,461	2.16%	0	2,872,417	308,058,044	2.16%
Brandywine Asset Mgmt	58,707	0.00%	0	(603)	59,310	0.00%
FIAM (Fidelity) Tactical Bond	423,022,747	2.94%	0	7,267,571	415,755,177	2.92%
Income Research & Management	872,846,199	6.06%	0	14,205,982	858,640,217	6.02%
Loomis Sayles	338,053,110	2.35%	0	4,023,322	334,029,788	2.34%
Mellon US Agg Bond Index	1,234,557,401	8.57%	0	19,777,539	1,214,779,862	8.52%
Manulife Core Bond	866,827,131	6.02%	0	14,053,500	852,773,630	5.98%
Fixed Income Transition	-	-	(8,733)	0	8,733	0.00%
Total Cash	\$99,352,762	0.69%	\$(33,385,742)	\$376,301	\$132,362,203	0.93%
Total Marketable Assets	\$10,873,442,436	75.47%	\$(33,385,747)	\$181,820,881	\$10,725,007,302	75.22%
Total Real Estate	\$1,218,092,592	8.45%	\$2,447,426	\$(371,864)	\$1,216,017,030	8.53%
Strategic Core Real Estate	662,412,063	4.60%	0	0	662,412,063	4.65%
Tactical Non-Core Real Estate	555,680,527	3.86%	2,447,426	(371,864)	553,604,965	3.88%
Total Alternative Assets	\$2,315,697,664	16.07%	\$(1,989,704)	\$(50,591)	\$2,317,737,959	16.25%
Private Equity	1,600,406,176	11.11%	(304,662)	(14,168)	1,600,725,005	11.23%
Private Debt	715,291,488	4.96%	(1,685,042)	(36,423)	717,012,954	5.03%
Total Fund Composite	\$14,407,232,692	100.0%	\$(32,928,025)	\$181,398,427	\$14,258,762,290	100.0%

-Alternatives market values reflect current custodian valuations, which may not be up to date.

(1) Includes \$536,899 in legacy assets that are not actively managed and in liquidation following the termination of Fisher Investments.

New Hampshire Retirement System Target History

30-Jun-2024 - 28-Feb-2026		
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF NFI-ODCE Value Weight Net	10.00%
Other Alternatives	Russell 3000 Index+2.00%	10.00%
Other Alternatives	Bloomberg HY Corporate+1.00%	2.50%
Other Alternatives	Morningstar LSTA Leveraged Loan 100+1.00%	2.50%
Global Equity		
Broad	MSCI ACWI IMI (Net)	50.00%
		100.00%

30-Jun-2022 - 30-Jun-2024		
Domestic Broad		
Eq	Russell 3000 Index	30.00%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF NFI-ODCE Value Weight Net	10.00%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Russell 3000 Index+2.00%	10.00%
Other Alternatives	Bloomberg HY Corporate+1.00%	2.50%
Other Alternatives	Morningstar LSTA Leveraged Loan 100+1.00%	2.50%
		100.00%

30-Jun-2021 - 30-Jun-2022		
Domestic Broad		
Eq	Russell 3000 Index	30.00%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF NFI-ODCE Value Weight Net	10.00%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+3.00%	10.00%
Other Alternatives	Morningstar LSTA Leveraged Loan 100	5.00%
		100.00%

30-Sep-2020 - 30-Jun-2021		
Domestic Broad		
Eq	S&P 500 Index	30.00%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF NFI-ODCE Value Weight Net	10.00%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+3.00%	10.00%
Other Alternatives	Morningstar LSTA Leveraged Loan 100	5.00%
		100.00%

30-Jun-2015 - 30-Sep-2020		
Domestic Broad		
Eq	S&P 500 Index	30.00%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF NFI-ODCE Value Weight Net	10.00%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	15.00%
		100.00%

31-Mar-2015 - 30-Jun-2015		
Domestic Broad		
Eq	Russell 3000 Index	37.30%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.70%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	9.00%
		100.00%

31-Dec-2014 - 31-Mar-2015		
Domestic Broad		
Eq	Russell 3000 Index	37.70%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.80%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	8.50%
		100.00%

30-Sep-2014 - 31-Dec-2014		
Domestic Broad		
Eq	Russell 3000 Index	39.00%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.60%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	7.40%
		100.00%

30-Jun-2014 - 30-Sep-2014		
Domestic Broad		
Eq	Russell 3000 Index	39.60%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.90%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	6.50%
		100.00%

31-Mar-2014 - 30-Jun-2014		
Domestic Broad		
Eq	Russell 3000 Index	42.20%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.60%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	4.20%
		100.00%

31-Dec-2013 - 31-Mar-2014		
Domestic Broad		
Eq	Russell 3000 Index	41.80%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	9.10%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	4.10%
		100.00%

30-Sep-2013 - 31-Dec-2013		
Domestic Broad		
Eq	Russell 3000 Index	42.90%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.60%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	3.50%
		100.00%

30-Jun-2013 - 30-Sep-2013		
Domestic Broad		
Eq	Russell 3000 Index	42.50%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	9.00%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	3.50%
		100.00%

31-Mar-2013 - 30-Jun-2013		
Domestic Broad		
Eq	Russell 3000 Index	43.00%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.60%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	3.40%
		100.00%

Alternatives Benchmark represents from 7/1/2022 to present: 66.7% Russell 3000 Idx + 2% (1 qtr lag) and 33.3% ((50% S&P LSTA Leveraged Loan 100 Idx + 50% Bloomberg HY Idx) + 1%) (1 qtr lag).

From 7/1/2019 to 7/1/2022: 66.7% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag). From 7/1/2016 to 7/1/2019: 33.3% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag) + 33.3% of Cash (6-mo USD LIBOR) + 5%. From 7/1/2015 to 7/1/2016: 33.3% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Idx(1 qtr lag) + 33.3% of Cash (1 month USD LIBID) +5%. From 7/1/2013 to 7/1/2015: S&P 500 plus 5% (1 qtr lag). From 7/1/2011 to 7/1/2013: Qtr ending weight of Private Equity x S&P 500 plus 5% + Qtr ending weight Absolute Return x CPI + 5%. Prior to 7/1/2011: CPI + 5%.

New Hampshire Retirement System Target History

31-Dec-2012 - 31-Mar-2013		
Domestic Broad		
Eq	Russell 3000 Index	43.60%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.80%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	2.60%
		100.00%

30-Sep-2012 - 31-Dec-2012		
Domestic Broad		
Eq	Russell 3000 Index	43.90%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.70%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	2.40%
		100.00%

30-Jun-2012 - 30-Sep-2012		
Domestic Broad		
Eq	Russell 3000 Index	43.50%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	9.00%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	2.50%
		100.00%

31-Mar-2012 - 30-Jun-2012		
Domestic Broad		
Eq	Russell 3000 Index	40.10%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	7.60%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	2.30%
		100.00%

31-Dec-2011 - 31-Mar-2012		
Domestic Broad		
Eq	Russell 3000 Index	39.70%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	8.00%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	2.30%
		100.00%

30-Sep-2011 - 31-Dec-2011		
Domestic Broad		
Eq	Russell 3000 Index	40.20%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	7.40%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	2.40%
		100.00%

30-Jun-2011 - 30-Sep-2011		
Domestic Broad		
Eq	Russell 3000 Index	42.50%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	5.40%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	2.10%
		100.00%

31-Mar-2011 - 30-Jun-2011		
Domestic Broad		
Eq	Russell 3000 Index	43.00%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	5.30%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	1.70%
Global Equity		
Broad	MSCI ACWI (Net)	5.00%
		100.00%

31-Dec-2010 - 31-Mar-2011		
Domestic Broad		
Eq	Russell 3000 Index	43.00%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	5.20%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	1.80%
Global Equity		
Broad	MSCI ACWI (Net)	5.00%
		100.00%

30-Sep-2010 - 31-Dec-2010		
Domestic Broad		
Eq	Russell 3000 Index	42.80%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	5.40%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	1.80%
Global Equity		
Broad	MSCI ACWI (Net)	5.00%
		100.00%

30-Jun-2010 - 30-Sep-2010		
Domestic Broad		
Eq	Russell 3000 Index	42.90%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	5.00%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	2.10%
Global Equity		
Broad	MSCI ACWI (Net)	5.00%
		100.00%

31-Dec-2009 - 30-Jun-2010		
Domestic Broad		
Eq	Russell 3000 Index	43.30%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	4.70%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	2.00%
Global Equity		
Broad	MSCI ACWI (Net)	5.00%
		100.00%

30-Sep-2009 - 31-Dec-2009		
Domestic Broad		
Eq	Russell 3000 Index	42.30%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	5.50%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	2.20%
Global Equity		
Broad	MSCI ACWI (Net)	5.00%
		100.00%

Alternatives Benchmark represents from 7/1/2022 to present: 66.7% Russell 3000 Idx + 2% (1 qtr lag) and 33.3% ((50% S&P LSTA Leveraged Loan 100 Idx + 50% Bloomberg HY Idx) + 1%) (1 qtr lag).
 From 7/1/2019 to 7/1/2022: 66.7% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag). From 7/1/2016 to 7/1/2019: 33.3% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag) + 33.3% of Cash (6-mo USD LIBOR) + 5%. From 7/1/2015 to 7/1/2016: 33.3% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Idx(1 qtr lag) + 33.3% of Cash (1 month USD LIBID) +5%. From 7/1/2013 to 7/1/2015: S&P 500 plus 5% (1 qtr lag). From 7/1/2011 to 7/1/2013: Qtr ending weight of Private Equity x S&P 500 plus 5% + Qtr ending weight Absolute Return x CPI + 5%. Prior to 7/1/2011: CPI + 5%.

New Hampshire Retirement System Target History

30-Jun-2009 - 30-Sep-2009		
Domestic Broad		
Eq	Russell 3000 Index	41.50%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	6.20%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	2.30%
Global Equity		
Broad	MSCI ACWI (Net)	5.00%
		100.00%

31-Mar-2009 - 30-Jun-2009		
Domestic Broad		
Eq	Russell 3000 Index	38.00%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	9.30%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	2.70%
Global Equity		
Broad	MSCI ACWI (Net)	5.00%
		100.00%

31-Dec-2008 - 31-Mar-2009		
Domestic Broad		
Eq	Russell 3000 Index	37.20%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	9.70%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	3.10%
Global Equity		
Broad	MSCI ACWI (Net)	5.00%
		100.00%

30-Sep-2008 - 31-Dec-2008		
Domestic Broad		
Eq	Russell 3000 Index	38.90%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index	8.20%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Consumer Price Index (W) + 5%	2.90%
Global Equity		
Broad	MSCI ACWI (Net)	5.00%
		100.00%

30-Jun-2008 - 30-Sep-2008		
Domestic Broad		
Eq	Russell 3000 Index	40.00%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index	7.30%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Consumer Price Index (W) + 5%	2.70%
Global Equity		
Broad	MSCI ACWI (Net)	5.00%
		100.00%

30-Jun-2007 - 30-Jun-2008		
Domestic Broad		
Eq	Russell 3000 Index	44.00%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index	5.00%
Intl Equity	MSCI ACWI xUS (Net)	16.00%
Other Alternatives	Consumer Price Index (W) + 5%	5.00%
		100.00%

30-Nov-2006 - 30-Jun-2007		
Domestic Broad		
Eq	Russell 3000 Index	44.00%
Domestic Fixed	Bloomberg Universal	26.00%
Real Estate	NCREIF Property Index	5.00%
Intl Equity	MSCI ACWI xUS (Net)	16.00%
Other Alternatives	Consumer Price Index (W) + 5%	5.00%
Global Fixed-Inc	Brandywine Blended Benchmark	4.00%
		100.00%

30-Jun-2003 - 30-Nov-2006		
Domestic Broad		
Eq	Russell 3000 Index	47.00%
Domestic Fixed	Bloomberg Universal	18.00%
Real Estate	NCREIF Property Index	10.00%
Intl Equity	MSCI ACWI xUS (Net)	12.00%
Other Alternatives	Consumer Price Index (W) + 5%	10.00%
Global Fixed-Inc	Brandywine Blended Benchmark	3.00%
		100.00%

31-Oct-1997 - 30-Jun-2003		
Domestic Broad		
Eq	S&P 500 Index	50.00%
Domestic Fixed	Bloomberg Universal	18.00%
Real Estate	NCREIF Property Index	10.00%
Intl Equity	MSCI EAFE (Net)	9.00%
Other Alternatives	Consumer Price Index (W) + 5%	10.00%
Global Fixed-Inc	Brandywine Blended Benchmark	3.00%
		100.00%

31-Mar-1990 - 31-Oct-1997		
Domestic Broad		
Eq	S&P 500 Index	50.00%
Domestic Fixed	Bloomberg Universal	18.00%
Real Estate	NCREIF Property Index	10.00%
Intl Equity	MSCI EAFE (Net)	9.00%
Other Alternatives	Consumer Price Index (W) + 5%	10.00%
Global Fixed-Inc	JPM GBI Global Unhedged USD	3.00%
		100.00%

30-Jun-1975 - 31-Mar-1990		
Domestic Broad		
Eq	S&P 500 Index	50.00%
Real Estate	NCREIF Property Index	10.00%
Intl Equity	MSCI EAFE (Net)	9.00%
Other Alternatives	Consumer Price Index (W) + 5%	10.00%
Global Fixed-Inc	JPM GBI Global Unhedged USD	3.00%
		82.00%

Alternatives Benchmark represents from 7/1/2022 to present: 66.7% Russell 3000 Idx + 2% (1 qtr lag) and 33.3% ((50% S&P LSTA Leveraged Loan 100 Idx + 50% Bloomberg HY Idx) + 1%) (1 qtr lag).
 From 7/1/2019 to 7/1/2022: 66.7% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag). From 7/1/2016 to 7/1/2019: 33.3% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag) + 33.3% of Cash (6-mo USD LIBOR) + 5%. From 7/1/2015 to 7/1/2016: 33.3% S&P 500 +3% (1qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Idx(1 qtr lag) + 33.3% of Cash (1 month USD LIBID) +5%. From 7/1/2013 to 7/1/2015: S&P 500 plus 5% (1 qtr lag). From 7/1/2011 to 7/1/2013: Qtr ending weight of Private Equity x S&P 500 plus 5% + Qtr ending weight Absolute Return x CPI + 5%. Prior to 7/1/2011: CPI + 5%.

Important Disclosures

Information contained in this document may include confidential, trade secret and/or proprietary information of Callan and the client. It is incumbent upon the user to maintain such information in strict confidence. Neither this document nor any specific information contained herein is to be used other than by the intended recipient for its intended purpose.

The content of this document is particular to the client and should not be relied upon by any other individual or entity. There can be no assurance that the performance of any account or investment will be comparable to the performance information presented in this document.

Certain information herein has been compiled by Callan from a variety of sources believed to be reliable but for which Callan has not necessarily verified for accuracy or completeness. Information contained herein may not be current. Callan has no obligation to bring current the information contained herein.

Callan's performance, market value, and, if applicable, liability calculations are inherently estimates based on data available at the time each calculation is performed and may later be determined to be incorrect or require subsequent material adjustment due to many variables including, but not limited to, reliance on third party data, differences in calculation methodology, presence of illiquid assets, the timing and magnitude of unrecognized cash flows, and other data/assumptions needed to prepare such estimated calculations. In no event should the performance measurement and reporting services provided by Callan be used in the calculation, deliberation, policy determination, or any other action of the client as it pertains to determining amounts, timing or activity of contribution levels or funding amounts, rebalancing activity, benefit payments, distribution amounts, and/or performance-based fee amounts, unless the client understands and accepts the inherent limitations of Callan's estimated performance, market value, and liability calculations.

Callan's performance measurement service reports estimated returns for a portfolio and compares them against relevant benchmarks and peer groups, as appropriate; such service may also report on historical portfolio holdings, comparing them to holdings of relevant benchmarks and peer groups, as appropriate ("portfolio holdings analysis"). To the extent that Callan's reports include a portfolio holdings analysis, Callan relies entirely on holdings, pricing, characteristics, and risk data provided by third parties including custodian banks, record keepers, pricing services, index providers, and investment managers. Callan reports the performance and holdings data as received and does not attempt to audit or verify the holdings data. Callan is not responsible for the accuracy or completeness of the performance or holdings data received from third parties and such data may not have been verified for accuracy or completeness.

Callan's performance measurement service may report on illiquid asset classes, including, but not limited to, private real estate, private equity, private credit, hedge funds and infrastructure. The final valuation reports, which Callan receives from third parties, for of these types of asset classes may not be available at the time a Callan performance report is issued. As a result, the estimated returns and market values reported for these illiquid asset classes, as well as for any composites including these illiquid asset classes, including any total fund composite prepared, may not reflect final data, and therefore may be subject to revision in future quarters.

The content of this document may consist of statements of opinion, which are made as of the date they are expressed and are not statements of fact. The opinions expressed herein may change based upon changes in economic, market, financial and political conditions and other factors. Callan has no obligation to bring current the opinions expressed herein.

The information contained herein may include forward-looking statements regarding future results. The forward-looking statements herein: (i) are best estimations consistent with the information available as of the date hereof and (ii) involve known and unknown risks and uncertainties. Actual results may vary, perhaps materially, from the future results projected in this document. Undue reliance should not be placed on forward-looking statements.

Callan is not responsible for reviewing the risks of individual securities or the compliance/non-compliance of individual security holdings with a client's investment policy guidelines.

This document should not be construed as legal or tax advice on any matter. You should consult with legal and tax advisers before applying any of this information to your particular situation.

Reference to, or inclusion in this document of, any product, service or entity should not necessarily be construed as recommendation, approval, or endorsement or such product, service or entity by Callan. This document is provided in connection with Callan's consulting services and should not be viewed as an advertisement of Callan, or of the strategies or products discussed or referenced herein.

The issues considered and risks highlighted herein are not comprehensive and other risks may exist that the user of this document may deem material regarding the enclosed information. Please see any applicable full performance report or annual communication for other important disclosures.

Unless Callan has been specifically engaged to do so, Callan does not conduct background checks or in-depth due diligence of the operations of any investment manager search candidate or investment vehicle, as may be typically performed in an operational due diligence evaluation assignment and in no event does Callan conduct due diligence beyond what is described in its report to the client.

Any decision made on the basis of this document is sole responsibility of the client, as the intended recipient, and it is incumbent upon the client to make an independent determination of the suitability and consequences of such a decision.

Callan undertakes no obligation to update the information contained herein except as specifically requested by the client.

Past performance is no guarantee of future results.



NHRS

New Hampshire Retirement System

**Independent Investment Committee's
Quarterly Report to the Board
April 14, 2026**



NHRS

New Hampshire Retirement System

Discussion Topics

- Asset Allocation and Portfolio Structure
- Investment Performance
- Universe Comparisons
- Investment Expenses by Asset Class

Key Observations December 31, 2025

NHRS Pension Plan

Asset Allocation and Portfolio Structure

- Overall, the Fund's asset allocation was within the permissible Policy ranges at quarter-end. The Fund's allocation to defensive positions, including fixed income and cash, represented 29.3% of total assets. The fixed income allocation was 28.4%, above the policy's 25% target but within the policy's 20%-30% range. The Fund had an overweight to alternatives relative to target and an underweight position to global equity and real estate.

Investment Performance

- The Fund had a gross return of 2.20% over the second quarter of Fiscal Year 2026, underperforming the market benchmark return of 2.93% and ranking in the 62nd percentile of its peers. On a net-of-fees basis, the Fund returned 2.07%.
 - The Alternative Assets and Global Equity portfolios detracted most from relative performance over the quarter. By definition, the Alternative Assets portfolio will not keep up with the benchmark during high momentum markets given the public market benchmark proxies that are used to measure the performance of this component of the portfolio.
 - By contrast, the Real Estate portfolio contributed to performance.
- Overall, performance is competitive relative to both benchmarks over longer periods measured. The Fund outperformed the peer group median over the long term, ranking in the top 29% of peers for the trailing 10-year period. Over the last 25 years, the Fund's performance slightly trailed the benchmark and ranked in the 44th percentile of peers.
- The Fund exhibits attractive risk-adjusted performance, as measured by the Sharpe Ratio over the last five years. In addition, relative risk-adjusted scores, as measured by the Excess Return Ratio, are also strong. Both of these ratios ranked in the top 34% of peers.

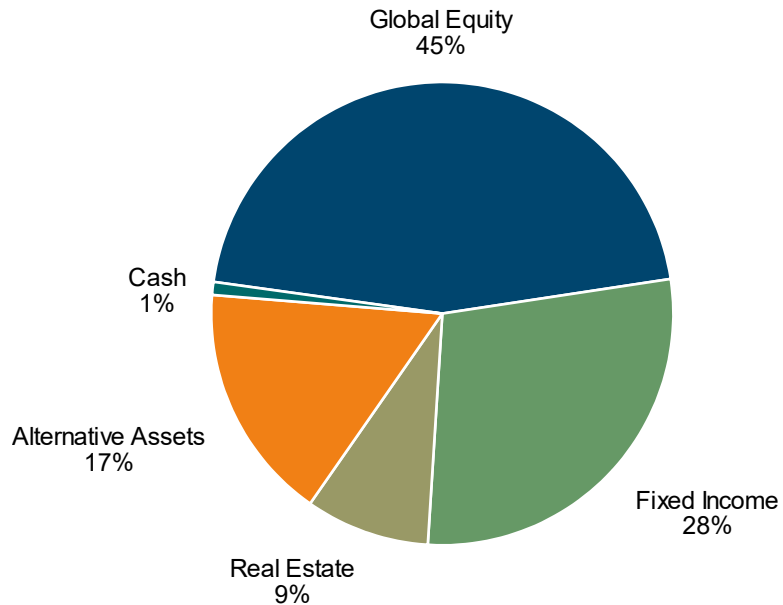
Other Developments

- Callan and the NHRS Investment Team are working closely to implement the recently approved asset allocation and global equity manager structure strategies.

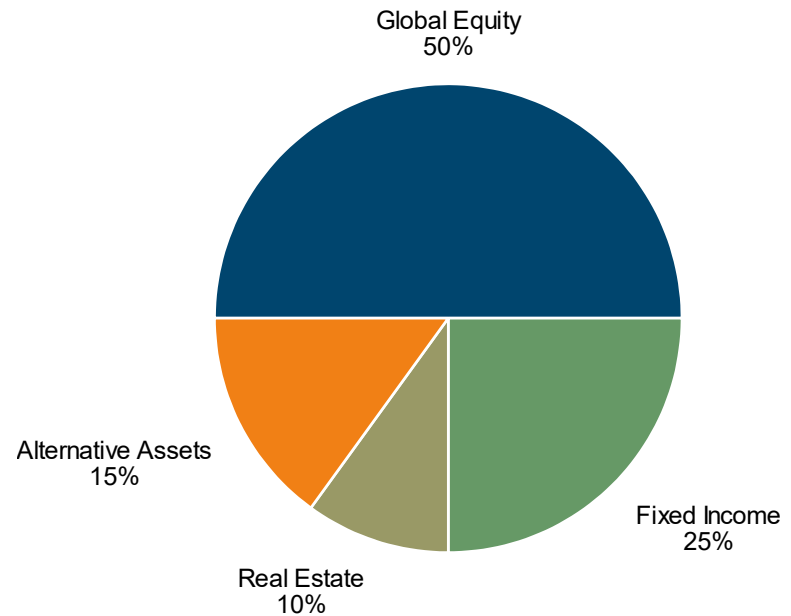
Total Fund

Actual Asset Allocation vs. Target as of December 31, 2025

Actual Asset Allocation



Target Asset Allocation



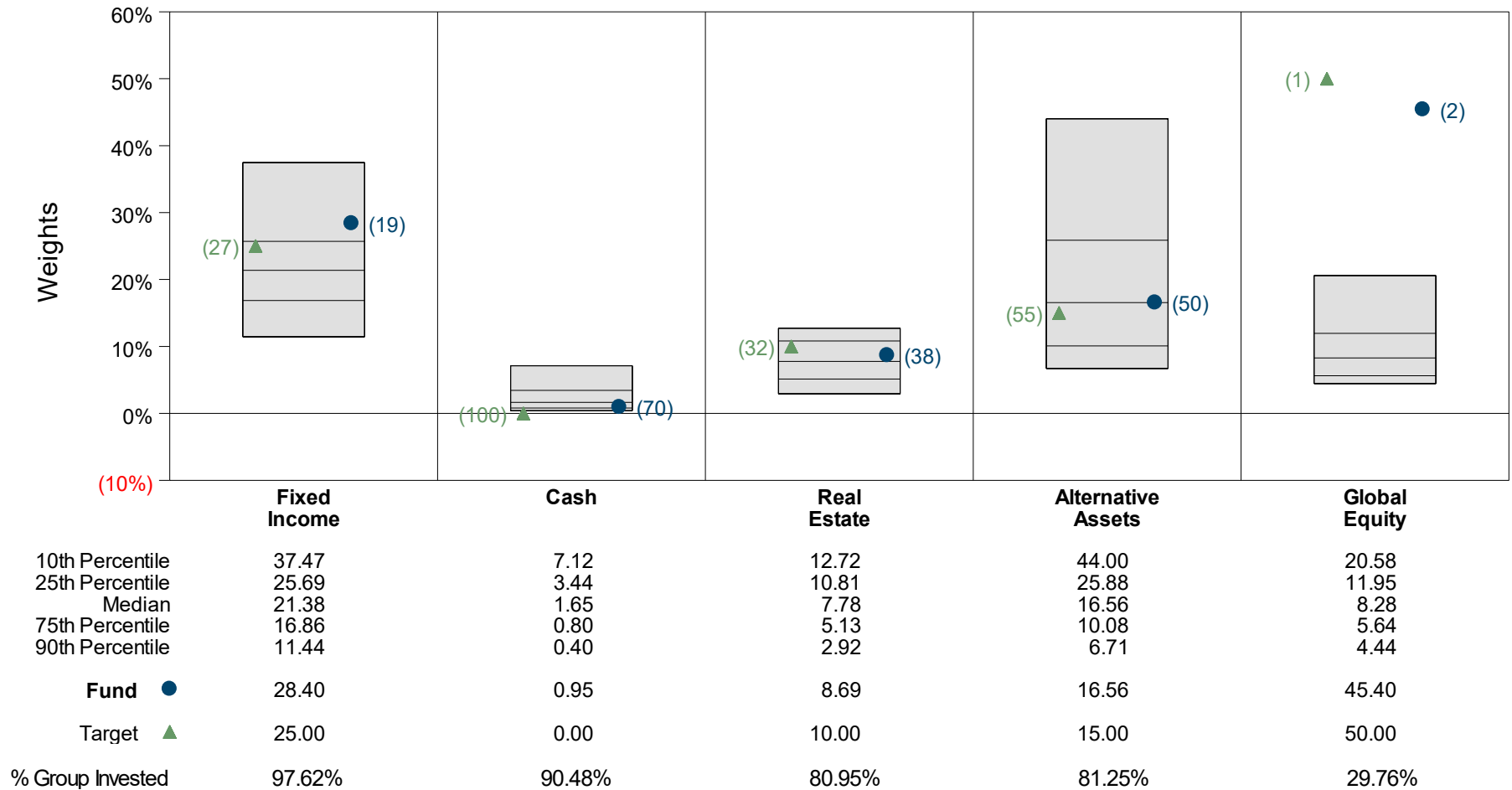
Asset Class	\$Millions Actual	Weight Actual	Target	Percent Difference	\$Millions Difference
Global Equity	6,352	45.4%	50.0%	(4.6%)	(644)
Fixed Income	3,974	28.4%	25.0%	3.4%	476
Real Estate	1,215	8.7%	10.0%	(1.3%)	(184)
Alternative Assets	2,317	16.6%	15.0%	1.6%	219
Cash	133	0.9%	0.0%	0.9%	133
Total	13,992	100.0%	100.0%		

*Current Quarter Target = 50.0% MSCI ACWI IMI, 25.0% Bloomberg Universal, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

Total Fund

Actual Asset Allocation vs. Large Public DB Plan (>\$1B) Peer Group, as of December 31, 2025

Asset Class Weights vs Callan Public Fund Spons - Large (>1B)

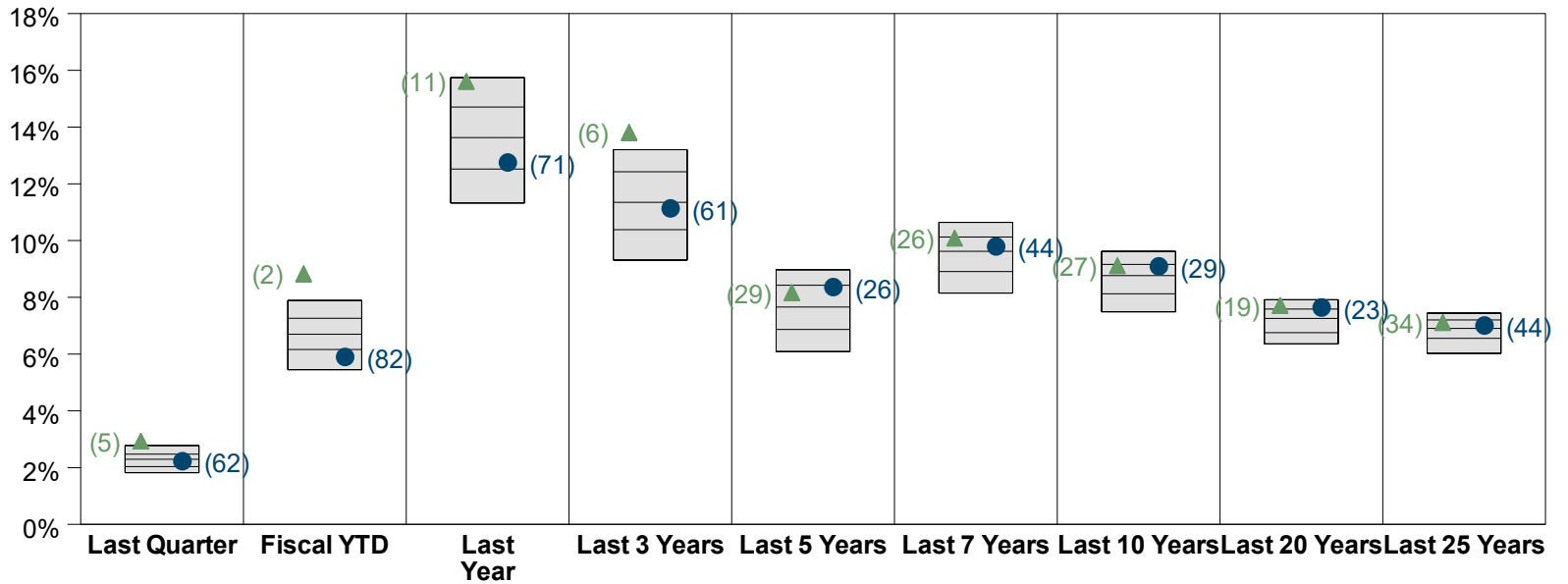


*Current Quarter Target = 50.0% MSCI ACWI IMI, 25.0% Bloomberg Universal, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

Total Fund Performance – Gross of Investment Management Fees

Performance vs. Large Public DB Plan (>\$1B) Peers, as of December 31, 2025

Performance vs Callan Public Fund Large DB



10th Percentile	2.78	7.89	15.74	13.20	8.98	10.64	9.62	7.91	7.44
25th Percentile	2.48	7.26	14.70	12.42	8.43	10.12	9.16	7.58	7.21
Median	2.29	6.70	13.63	11.35	7.66	9.62	8.77	7.25	6.91
75th Percentile	2.03	6.16	12.52	10.38	6.87	8.91	8.12	6.76	6.56
90th Percentile	1.82	5.45	11.32	9.31	6.09	8.15	7.49	6.36	6.03
Total Fund Composite	● 2.20	5.87	12.72	11.10	8.33	9.77	9.06	7.61	6.98
Total Fund Benchmark	▲ 2.93	8.83	15.61	13.81	8.17	10.09	9.11	7.72	7.12

Note: Investment results are shown gross of investment management fees versus corresponding peer group.

*Current Quarter Target = 50.0% MSCI ACWI IMI, 25.0% Bloomberg Universal, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

INVESTMENT EXPENSES BY ASSET CLASS

**Investment activity fees and other related expenses:
For the Quarter and Fiscal Year to Date through 12/31/2025 (in thousands)**

	Assets Under Management	Fees (Quarter)	Fees (FYTD)
Equity Investments			
Domestic (U.S.)	3,823,918	3,044	6,123
Non-U.S.	2,528,382	2,707	5,300
Fixed Income Investments	3,974,287	1,643	3,217
Alternative Investments	2,317,423	6,252	12,483
Real Estate Investments*	1,215,251	2,244	5,051
Cash	132,517		
Subtotal Gross Investment Mgt Fees		15,890	32,174
Custodial Fees			373
Brokerage Fees		606	1,510
Investment Advisor Fees			163
Investment Professional Fees		110	234
Investment Staff Administrative Expense		436	792
Subtotal Investment Servicing Fees		1,153	3,071
TOTAL GROSS INVESTMENT EXPENSES	13,991,778	17,043	35,246

*Real Estate fees estimated based off of 75% of fees reported as of 4/2/2026

Notes:

1. Fees for both the Quarter and the Fiscal Year to Date shown here are reported on a cash basis. For most fees, there is a lag between the service provided and payment of the fee.
2. Gross fees are those paid in the quarter for partnership operating costs.
3. Annual audited GAAP accrual fee amounts are included in the Annual Comprehensive Financial Report (ACFR), audited by the external auditor Plante Moran, as well as in the Comprehensive Annual Investment Report (CAIR). Both reports are available at <https://www.nhrs.org/funding-and-investments/reports-valuations>.
4. NHRS requires a "most favored nation" clause in investment contracts that states that if another comparable public plan invests in a fund at a lower fee structure, NHRS' fees will also be adjusted downward.

DEFINITION OF ASSET CLASSES

Domestic Equity: The allocation to domestic equity serves to expose the fund to the largest economy of the world. An allocation to domestic equity should allow for return enhancement and principal appreciation.

Non-U.S. Equity: The allocation to non-U.S. equity, both developed and emerging markets, will serve as potential for return enhancement and principal appreciation. A secondary consideration is the diversification it provides from the U.S. market. While the U.S. and non-U.S. markets are considerably correlated, they are not perfectly correlated. Assets that are not perfectly correlated serve to reduce volatility over the long term.

Fixed Income: The investment in fixed income will serve to reduce volatility experienced in the equity markets, as well as offer an opportunity for return enhancement by investment in selected securities (for example, investment grade corporates and high yield). A portion of the fixed income allocation is expected to be invested in Treasury or other government-related issues, which will serve to reduce risk within the portfolio.

Alternative Investments: Alternative investments are nontraditional investments, not covered by another investment class. In general, alternative investments are incorporated into the NHRS asset allocation to enhance the portfolio's risk-adjusted return (private equity/private debt) or to diversify volatility (opportunistic strategies). While the risk associated with these types of investments is higher than that of other asset classes, the expected return is also higher.

Real Estate: The investment in real estate will serve as an inflation hedge, return enhancement opportunity, income generator, and diversification source and will include investments within core, value-added, and opportunistic opportunities.

Callan



March 5, 2026

**New Hampshire Retirement
System – Defined Benefit Plan**

Fourth Quarter 2025

Executive Summary

Angel G. Haddad

Senior Vice President, Fund Sponsor Consulting

Britton M. Murdoch

Senior Vice President, Fund Sponsor Consulting

Important Disclosures regarding the use of this document are included at the end of this document. These disclosures are an integral part of this document and should be considered by the user.

Global Equities Continue to Run in 2025

Non-U.S. markets lead U.S. markets by widest margin in last 15 years

Big gains for global stocks

- S&P 500 rose 17.9% in 2025, while U.S. small caps jumped 12.8%. Developed ex-U.S. stocks climbed 31.9% and emerging markets gained 33.6%.

Solid returns for fixed income

- The Bloomberg Aggregate rose 7.3% in the year. Long duration gained 6.6% as long rates fell more modestly than intermediate.
- Headline CPI-U rose 2.7% (year-over-year) through December. The core index rose by a similar amount, coming in at 2.6%. The headline and core numbers are down from 2.9% and 3.2%, respectively, at the end of 2024. Though inflation is moderating relative to the mid-2022 peak, it has been holding at levels above the Fed's 2% target for the last few years.

Dislocation in economic growth measures

- The job market stopped expanding after April while GDP growth surged in 2Q and 3Q and is expected to post a gain for all of 2025.
- Consumer spending has surprised on the upside; business spending has paused.

Returns for Periods ended 12/31/25

	Quarter	1 Year	3 Years	5 Years	10 Years	25 Years
U.S. Equity						
Russell 3000	2.40	17.15	22.25	13.15	14.29	8.86
S&P 500	2.66	17.88	23.01	14.42	14.82	8.83
Russell 2000	2.19	12.81	13.73	6.09	9.62	8.21
Global ex-U.S. Equity						
MSCI World ex USA	5.20	31.85	17.64	9.46	8.55	5.54
MSCI Emerging Markets	4.73	33.57	16.40	4.20	8.42	8.49
MSCI ACWI ex USA Small Cap	2.96	29.26	15.61	6.91	8.13	8.19
Fixed Income						
Bloomberg Aggregate	1.10	7.30	4.66	-0.36	2.01	3.77
90-day T-Bill	0.97	4.18	4.81	3.17	2.18	1.84
Bloomberg Long Gov/Credit	-0.02	6.62	3.06	-4.89	1.98	5.00
Bloomberg Global Agg ex-US	-0.47	8.85	3.29	-3.59	0.56	2.96
Real Estate						
NCREIF Property	1.15	4.91	-1.01	3.79	4.85	7.29
FTSE Nareit Equity	-1.56	2.88	8.36	6.63	5.70	8.94
Alternatives						
Cambridge Private Equity*	2.63	9.51	7.21	12.58	13.36	10.45
Cambridge Senior Debt*	1.06	7.78	10.11	8.33	7.95	4.97
HFRI Fund Weighted	2.66	12.41	10.08	7.09	6.61	5.86
Bloomberg Commodity	5.85	15.77	3.96	10.64	5.73	1.62
Gold Spot Price	12.08	64.37	33.46	18.03	15.14	11.69
Inflation: CPI-U	-0.23	2.68	2.97	4.46	3.20	2.52

*Cambridge Private Equity and Cambridge Senior Debt data as of 3Q25.

Returns greater than one year are annualized.

Sources: Bloomberg, Callan, Cambridge, FTSE Russell, HFRI, MSCI, NCREIF, S&P Dow Jones Indices

Key Observations

NHRS Pension Plan

Asset Allocation and Portfolio Structure

- Overall, the Fund's asset allocation was within the permissible Policy ranges at quarter-end. The Fund's allocation to defensive positions, including fixed income and cash, represented 29.3% of total assets. The fixed income allocation was 28.4%, above the policy's 25% target but within the policy's 20%-30% range. The Fund had an overweight to alternatives relative to target and an underweight position to global equity and real estate.

Investment Performance

- The Fund had a gross return of 2.20% over the second quarter of Fiscal Year 2026, underperforming the market benchmark return of 2.93% and ranking in the 62nd percentile of its peers. On a net-of-fees basis, the Fund returned 2.07%.
 - The Alternative Assets and Global Equity portfolios detracted most from relative performance over the quarter. By definition, the Alternative Assets portfolio will not keep up with the benchmark during high momentum markets given the public market benchmark proxies that are used to measure the performance of this component of the portfolio.
 - By contrast, the Real Estate portfolio contributed to performance.
- Overall, performance is competitive relative to both benchmarks over longer periods measured. The Fund outperformed the peer group median over the long term, ranking in the top 29% of peers for the trailing 10-year period. Over the last 25 years, the Fund's performance slightly trailed the benchmark and ranked in the 44th percentile of peers.
- The Fund exhibits attractive risk-adjusted performance, as measured by the Sharpe Ratio over the last five years. In addition, relative risk-adjusted scores, as measured by the Excess Return Ratio, are also strong. Both of these ratios ranked in the top 34% of peers.

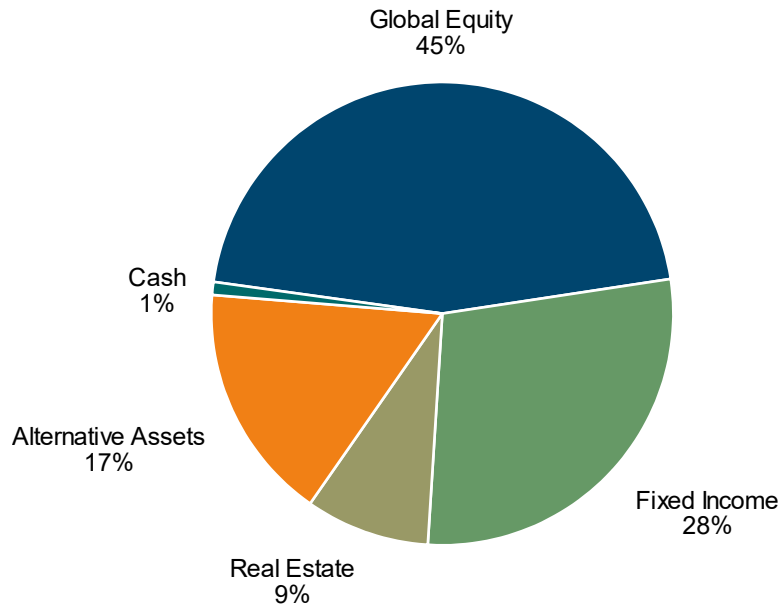
Other Developments

- Callan and the NHRS Investment Team are working closely to implement the recently approved asset allocation and global equity manager structure strategies.

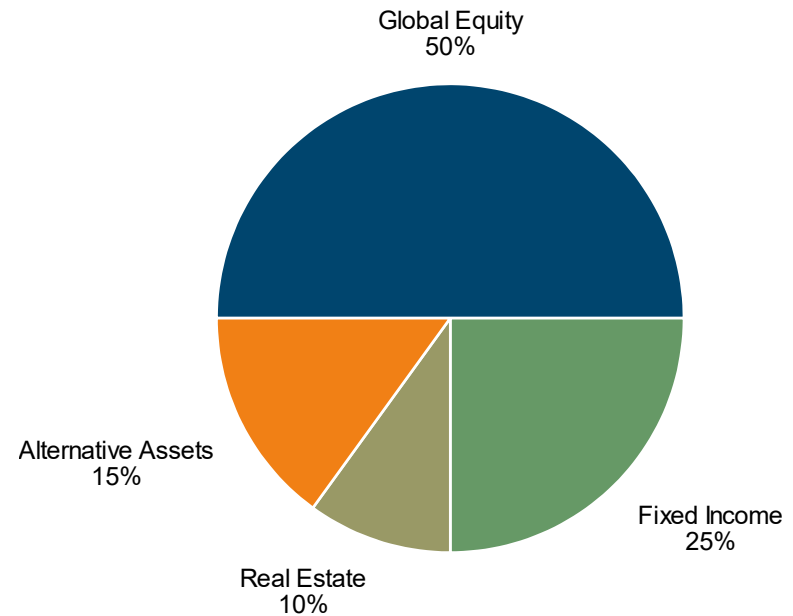
Total Fund

Actual Asset Allocation vs. Target as of December 31, 2025

Actual Asset Allocation



Target Asset Allocation



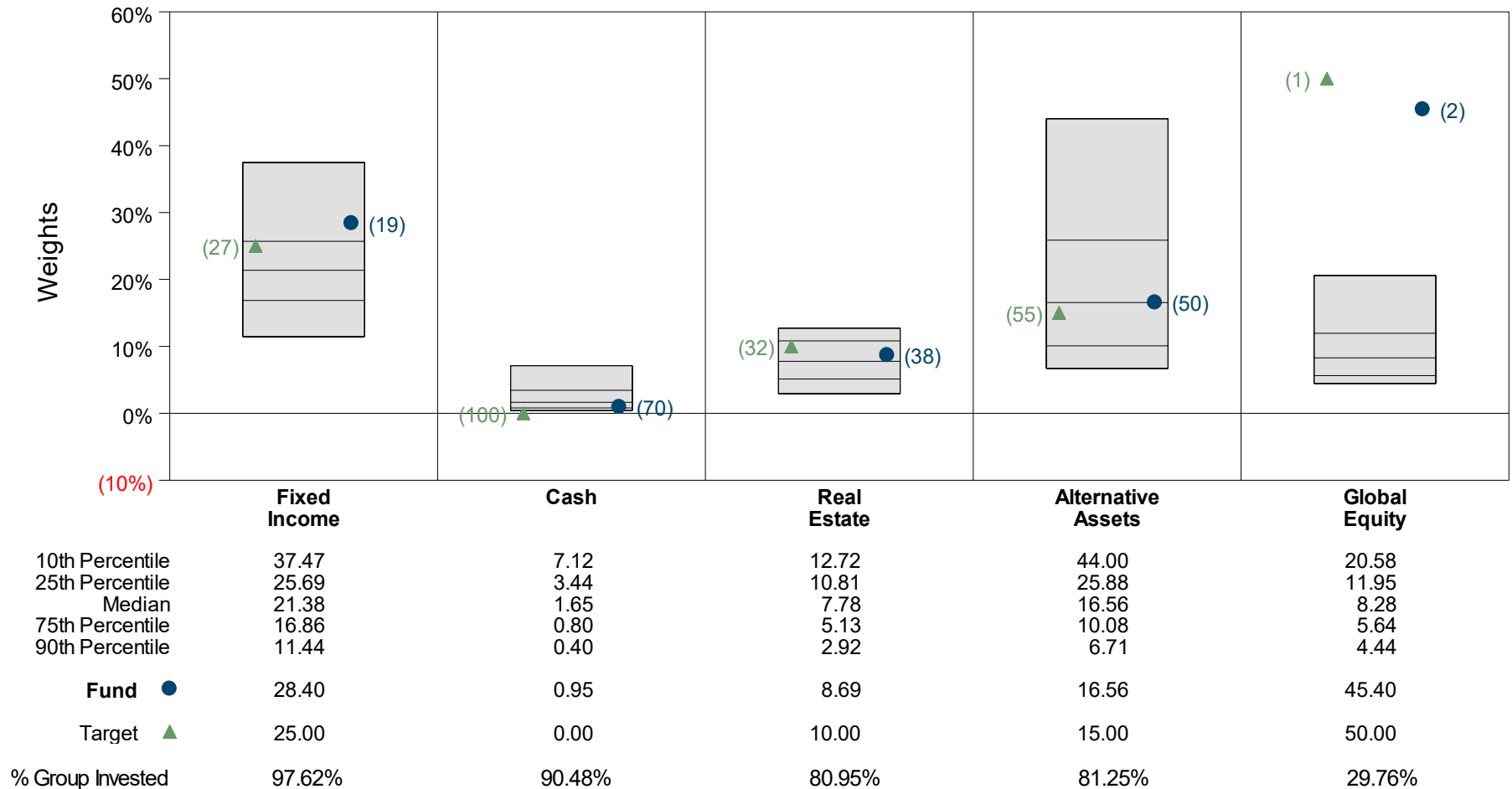
Asset Class	\$Millions Actual	Weight Actual	Target	Percent Difference	\$Millions Difference
Global Equity	6,352	45.4%	50.0%	(4.6%)	(644)
Fixed Income	3,974	28.4%	25.0%	3.4%	476
Real Estate	1,215	8.7%	10.0%	(1.3%)	(184)
Alternative Assets	2,317	16.6%	15.0%	1.6%	219
Cash	133	0.9%	0.0%	0.9%	133
Total	13,992	100.0%	100.0%		

*Current Quarter Target = 50.0% MSCI ACWI IMI, 25.0% Bloomberg Universal, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

Total Fund

Actual Asset Allocation vs. Large Public DB Plan (>\$1B) Peer Group, as of December 31, 2025

Asset Class Weights vs Callan Public Fund Spons - Large (>1B)



*Current Quarter Target = 50.0% MSCI ACWI IMI, 25.0% Bloomberg Universal, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

Total Fund

Market Values

	December 31, 2025			September 30, 2025		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Global Equity	\$6,352,290,451	45.40%	\$(875,019,749)	\$199,518,052	\$7,027,792,148	51.09%
Total Domestic Equity	\$3,362,536,954	24.03%	\$(875,000,000)	\$93,082,270	\$4,144,454,684	30.13%
Large Cap Domestic Equity	\$1,643,386,701	11.75%	\$(875,000,000)	\$57,498,204	\$2,460,888,497	17.89%
Blackrock S&P 500	1,643,386,701	11.75%	(875,000,000)	57,498,204	2,460,888,497	17.89%
SMid Cap Domestic Equity	\$824,644,305	5.89%	\$0	\$18,396,872	\$806,247,432	5.86%
AllianceBernstein	509,486,988	3.64%	0	10,050,428	499,436,560	3.63%
TSW	315,157,317	2.25%	0	8,346,445	306,810,873	2.23%
Small Cap Domestic Equity	\$894,505,948	6.39%	\$0	\$17,187,193	\$877,318,755	6.38%
Boston Trust	257,721,838	1.84%	0	(985,590)	258,707,428	1.88%
Segall Bryant & Hamill	292,540,023	2.09%	0	7,183,767	285,356,256	2.07%
Wellington	344,244,087	2.46%	0	10,989,017	333,255,070	2.42%
Total Non US Equity*	\$2,989,753,497	21.37%	\$(19,749)	\$106,435,782	\$2,883,337,464	20.96%
Core Non US Equity*	\$1,910,293,907	13.65%	\$(19,749)	\$95,410,025	\$1,814,903,631	13.19%
Aristotle	431,788,487	3.09%	0	22,886,647	408,901,840	2.97%
Artisan Partners	575,656,653	4.11%	0	11,416,510	564,240,143	4.10%
BlackRock Superfund	264,188,317	1.89%	0	12,443,180	251,745,138	1.83%
Causeway Capital	636,323,692	4.55%	0	48,649,073	587,674,620	4.27%
Lazard	966,627	0.01%	(4)	16,381	950,250	0.01%
SSGA Transition	836,073	0.01%	4	(1,523)	837,593	0.01%
Emerging Markets	\$220,836,991	1.58%	\$0	\$(3,631,133)	\$224,468,124	1.63%
Wellington Emerging Markets	220,836,991	1.58%	0	(3,631,133)	224,468,124	1.63%
Non US Small Cap	\$190,341,451	1.36%	\$0	\$6,100,793	\$184,240,657	1.34%
Wellington Int'l Small Cap Research	190,341,451	1.36%	0	6,100,793	184,240,657	1.34%
World Equity	\$668,281,148	4.78%	\$0	\$8,556,096	\$659,725,052	4.80%
Walter Scott Global Equity	668,281,148	4.78%	0	8,556,096	659,725,052	4.80%

*Includes \$534,056 in legacy assets that are not actively managed and in liquidation following the termination of Fisher.

Total Fund

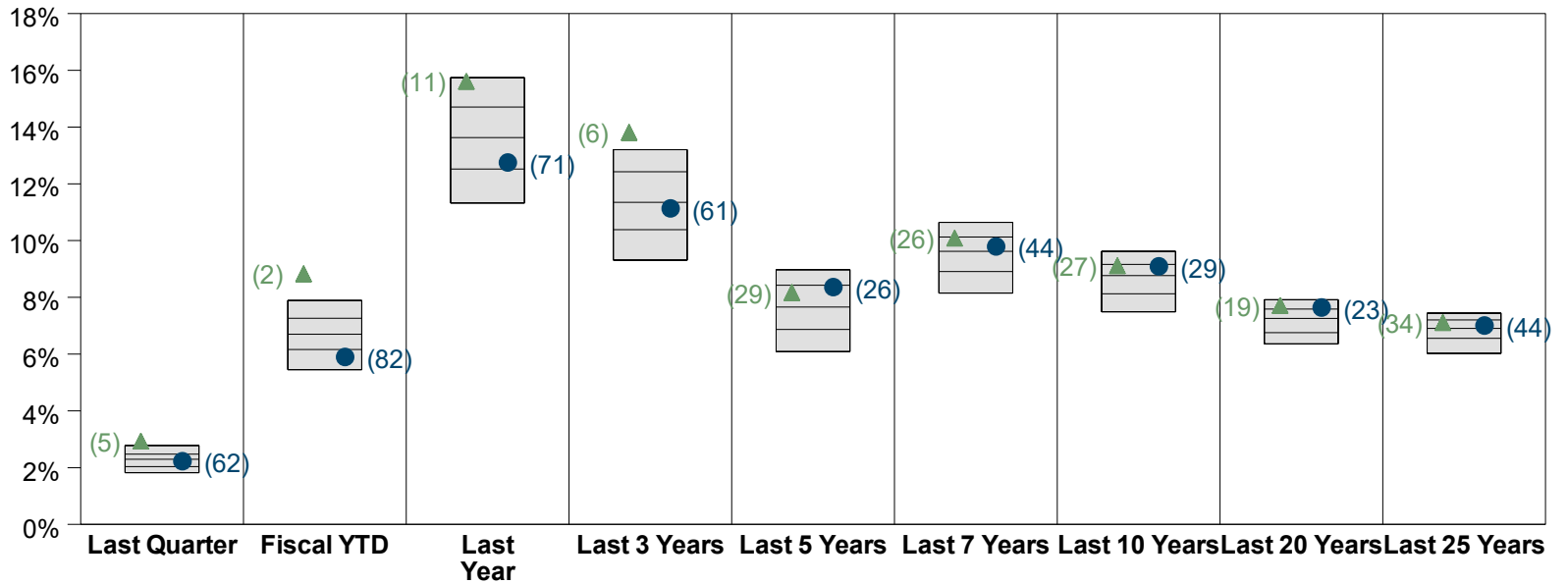
Market Values

	December 31, 2025			September 30, 2025		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Total Fixed Income	\$3,974,296,962	28.40%	\$797,636,824	\$38,612,552	\$3,138,047,586	22.81%
BlackRock SIO Bond Fund	305,488,250	2.18%	0	5,036,299	300,451,951	2.18%
Brandywine Asset Mgmt	58,339	0.00%	(9)	(37,521)	95,869	0.00%
FIAM (Fidelity) Tactical Bond	414,752,753	2.96%	0	3,257,877	411,494,876	2.99%
Income Research & Management	858,001,011	6.13%	0	7,982,067	850,018,944	6.18%
Loomis Sayles	332,259,267	2.37%	(444,444)	5,599,414	327,104,297	2.38%
Manulife Core Bond	850,512,083	6.08%	0	11,586,241	838,925,842	6.10%
Mellon US Agg Bond Index	1,213,215,079	8.67%	800,000,000	5,235,196	407,979,883	2.97%
Total Cash	\$132,516,624	0.95%	\$(51,049,256)	\$1,462,022	\$182,103,857	1.32%
Total Marketable Assets	\$10,459,104,037	74.75%	\$(128,432,181)	\$239,592,626	\$10,347,943,591	75.23%
Total Real Estate	\$1,215,251,177	8.69%	\$99,283,032	\$13,193,013	\$1,102,775,132	8.02%
Strategic Core Real Estate	665,252,918	4.75%	41,733,783	6,671,676	616,847,459	4.48%
Tactical Non-Core Real Estate	549,998,258	3.93%	57,962,789	6,107,796	485,927,672	3.53%
Total Alternative Assets	\$2,317,422,978	16.56%	\$(34,886,371)	\$47,056,544	\$2,305,252,805	16.76%
Private Equity	1,601,230,726	11.44%	(44,197,800)	30,359,294	1,615,069,231	11.74%
Private Debt	716,192,252	5.12%	9,311,428	16,697,250	690,183,574	5.02%
Total Fund Composite	\$13,991,778,192	100.00%	\$(64,035,521)	\$299,842,183	\$13,755,971,529	100.00%

Total Fund Performance – Gross of Investment Management Fees

Performance vs. Large Public DB Plan (>\$1B) Peers, as of December 31, 2025

Performance vs Callan Public Fund Large DB



	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 20 Years	Last 25 Years
10th Percentile	2.78	7.89	15.74	13.20	8.98	10.64	9.62	7.91	7.44
25th Percentile	2.48	7.26	14.70	12.42	8.43	10.12	9.16	7.58	7.21
Median	2.29	6.70	13.63	11.35	7.66	9.62	8.77	7.25	6.91
75th Percentile	2.03	6.16	12.52	10.38	6.87	8.91	8.12	6.76	6.56
90th Percentile	1.82	5.45	11.32	9.31	6.09	8.15	7.49	6.36	6.03
Total Fund Composite ●	2.20	5.87	12.72	11.10	8.33	9.77	9.06	7.61	6.98
Total Fund Benchmark ▲	2.93	8.83	15.61	13.81	8.17	10.09	9.11	7.72	7.12

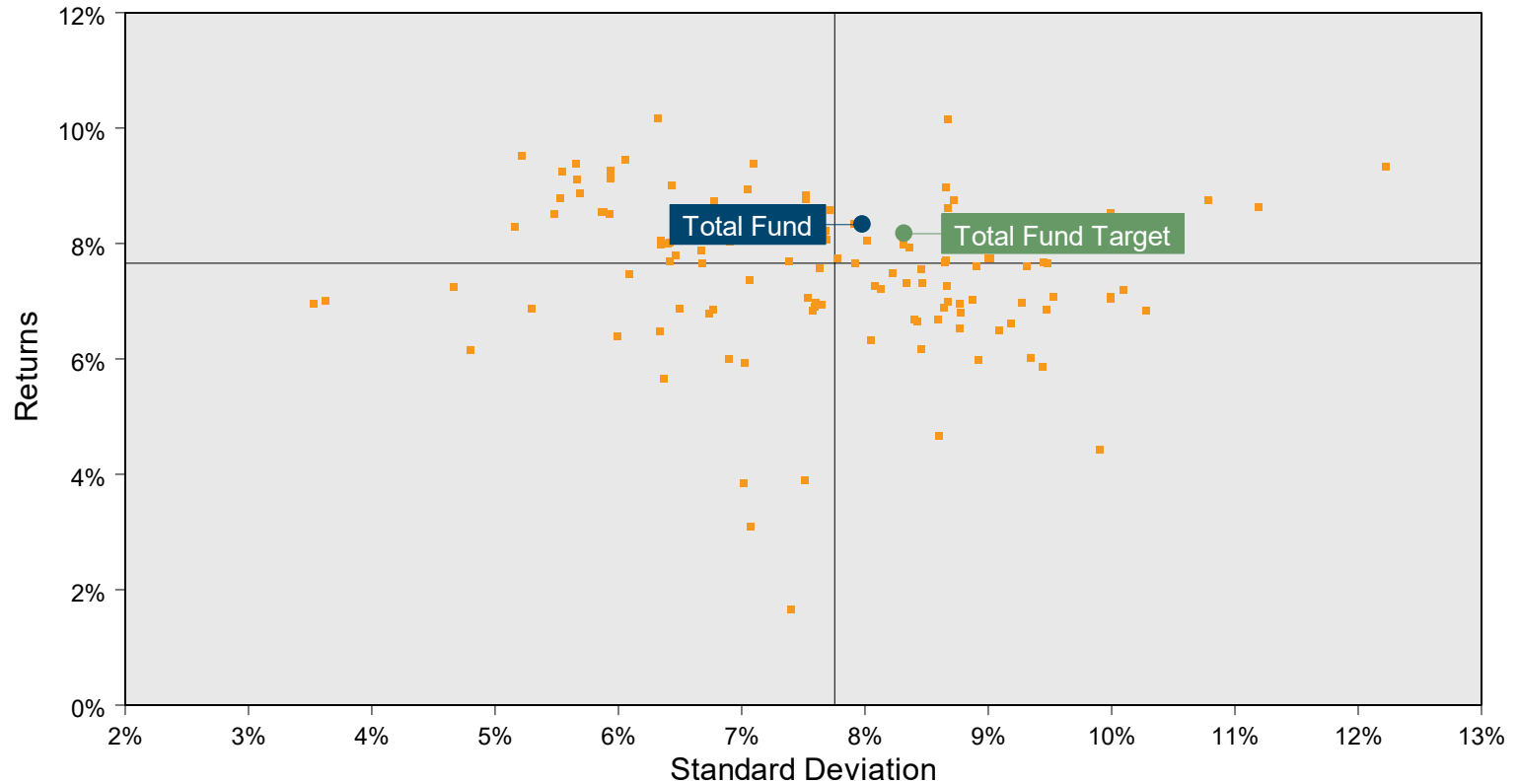
Note: Investment results are shown gross of investment management fees versus corresponding peer group.

*Current Quarter Target = 50.0% MSCI ACWI IMI, 25.0% Bloomberg Universal, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

Total Fund Performance – Gross of Investment Management Fees

Five-Year Risk/Return Analysis as of December 31, 2025

Five Year Annualized Risk vs Return



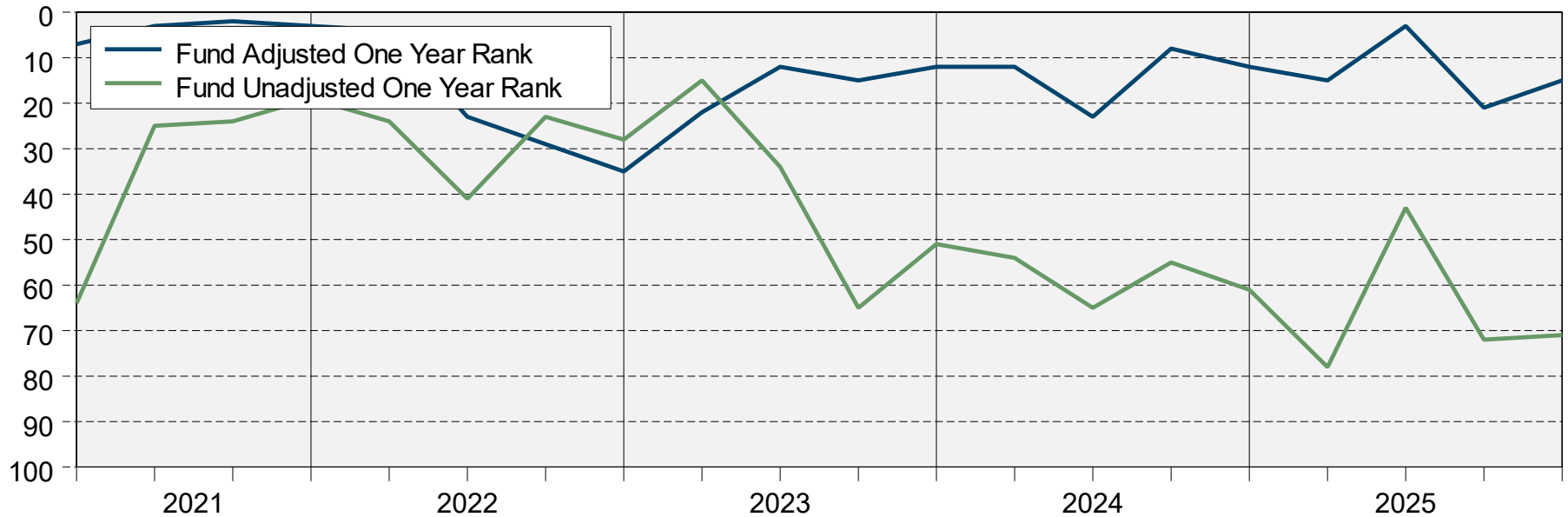
Squares represent membership of the Callan Public Fund Spons - Large (>1B)

Note: Investment results are shown gross of investment management fees versus corresponding peer group.

*Current Quarter Target = 50.0% MSCI ACWI IMI, 25.0% Bloomberg Universal, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

Total Fund Performance – Gross of Investment Management Fees

Rolling One Year Ranking vs. Callan Public Fund (>\$1B) Peer Group, as of December 31, 2025

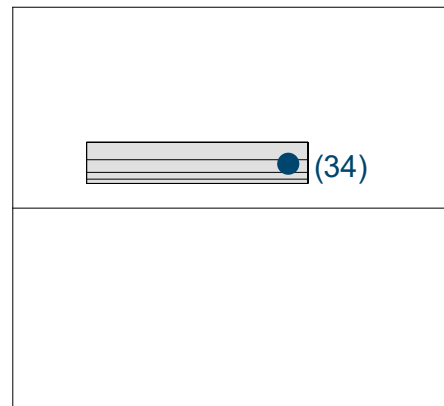


- This exhibit captures the Fund’s ranking versus peers, observing rolling 1-year performance from March 31, 2021 to December 31, 2025
- Since total portfolio rankings are driven by the Fund’s unique asset allocation profile, we are showing both an “Adjusted” output and an “Unadjusted” output. The former forces the peer group to follow the same asset allocation as that of the NHRS portfolio. This captures the incremental value created by the active managers in the NHRS Total Fund. The latter does not make this adjustment

Note: Investment results are shown gross of investment management fees.

Total Fund Performance – Gross of Investment Management Fees

Five-Year Sharpe Ratio, as of December 31, 2025



**Sharpe
Ratio**

10th Percentile	0.98
25th Percentile	0.72
Median	0.53
75th Percentile	0.43
90th Percentile	0.37

Total Fund Composite ● 0.65

- Measures absolute risk-adjusted performance, taking into account the risk-free rate and portfolio volatility
- Ranks above the peer group median

Note: Investment results are shown gross of investment management fees versus corresponding peer group.

Total Fund Performance – Net of Investment Management Fees

Trailing Quarter Attribution Analysis vs. Policy Benchmark, as of December 31, 2025

Relative Attribution Effects for Quarter ended December 31, 2025

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Global Equity	49%	50%	2.93%	3.22%	(0.16%)	0.00%	(0.16%)
Total Fixed Income	25%	25%	1.10%	1.20%	(0.02%)	(0.00%)	(0.03%)
Total Real Estate	8%	10%	0.87%	0.52%	0.03%	0.04%	0.07%
Total Alternative Assets	17%	15%	1.75%	6.53%	(0.78%)	0.06%	(0.73%)
Total Cash	1%	0%	0.97%	0.97%	0.00%	(0.02%)	(0.02%)
Total			2.07%	2.93%	+ (0.93%)	+ 0.07%	(0.87%)

What helped relative performance?

- An overweight to alternative assets relative to target
- An underweight to real estate relative to target
- Strong relative performance from the real estate portfolio

What hurt relative performance?

- Weak relative performance from the alternative assets, global equity, and fixed income portfolios
- An overweight to cash relative to target

*Current Quarter Target = 50.0% MSCI ACWI IMI, 25.0% Bloomberg Universal, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

Callan

Appendix

Investment Manager Returns – Net of Investment Management Fees

As of December 31, 2025

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
Net of Fees					
Global Equity	2.93%	9.09%	18.31%	-	-
MSCI ACWI IMI	3.22%	11.14%	22.06%	19.98%	10.75%
Total Domestic Equity	2.29%	9.27%	12.87%	18.24%	11.38%
Domestic Equity Benchmark (1)	2.40%	10.78%	17.15%	22.25%	13.18%
Secondary Domestic Equity Bmk (6)	2.48%	11.87%	15.70%	19.40%	11.41%
Large Cap Domestic Equity	2.65%	10.99%	17.87%	22.96%	14.39%
S&P 500 Index	2.66%	11.00%	17.88%	23.01%	14.42%
Blackrock S&P 500	2.65%	10.99%	17.87%	22.96%	14.39%
SMid Cap Domestic Equity	2.15%	6.84%	7.04%	11.51%	7.16%
Russell 2500 Index	2.22%	11.42%	11.91%	13.75%	7.26%
AllianceBernstein	1.89%	6.21%	4.67%	11.87%	5.96%
TSW	2.57%	7.87%	11.12%	10.94%	9.30%
TSW Blended Benchmark (2)	3.15%	11.58%	12.73%	13.21%	10.02%
Small Cap Domestic Equity	1.80%	7.20%	5.55%	12.06%	7.39%
Russell 2000 Index	2.19%	14.86%	12.81%	13.73%	6.09%
Boston Trust	(0.48%)	0.22%	(2.25%)	6.82%	7.51%
Segall Bryant & Hamill	2.34%	6.93%	4.29%	10.36%	7.67%
Wellington	3.11%	13.36%	13.50%	17.02%	7.73%
Total Non US Equity	3.57%	8.55%	27.15%	17.57%	7.70%
Non US Equity Benchmark (3)	4.76%	11.95%	31.96%	17.25%	7.86%
Core Non US Equity	5.15%	10.46%	34.15%	19.82%	9.97%
Core Non US Benchmark (4)	5.05%	12.29%	32.39%	17.33%	7.91%
Aristotle	5.49%	7.12%	23.43%	15.89%	7.56%
Artisan Partners	1.90%	7.37%	37.08%	20.86%	9.40%
BlackRock Superfund	4.93%	12.26%	32.83%	-	-
Causeway Capital	8.14%	15.24%	39.51%	23.24%	13.74%
Emerging Markets	(1.87%)	4.75%	20.87%	12.11%	0.74%
MSCI EM	4.73%	15.88%	33.57%	16.40%	4.20%
Wellington Emerging Markets	(1.87%)	4.75%	20.87%	11.29%	0.61%
Non US Small Cap	3.13%	11.24%	37.43%	17.42%	6.04%
Wellington Int'l Small Cap Research	3.13%	11.24%	37.43%	17.42%	-
MSCI EAFE Small Cap	2.68%	9.05%	31.83%	14.95%	5.62%
World Equity	1.19%	3.95%	10.24%	14.14%	7.29%
MSCI ACWI net	3.29%	11.17%	22.34%	20.65%	11.19%
Walter Scott Global Equity	1.19%	3.95%	10.24%	14.14%	7.29%
Walter Scott Blended Benchmark (5)	3.29%	11.17%	22.34%	20.65%	11.19%

(1) The Domestic Equity Benchmark is the Russell 3000 index as of 7/1/2021. From 7/1/2015 to 6/30/2021 the benchmark was the S&P 500 Index. From 7/1/2003 to 6/30/2015 the benchmark was the Russell 3000 Index. Prior to 7/1/2003 the benchmark was the S&P 500.

(2) TSW Blended Benchmark is the Russell 2500 Value Index as of 7/1/2019. Prior to 7/1/2019 it was the Russell 2500.

(3) The Non US Equity Index is the MSCI ACWI ex US IMI Index as of 7/1/2024. Prior to 7/1/2024, it was the MSCI ACWI Ex-US Index.

(4) The Core Non US Equity Index is the MSCI ACWI ex US as of 7/1/2007. Prior to 7/1/2007 it was the MSCI EAFE Index.

(5) The Walter Scott Blended Benchmark is the MSCI ACWI Index as 5/1/2008. Prior to 5/1/2008 it was the MSCI EAFE Index.

(6) The Secondary Domestic Equity Bmk consists of 60% S&P 500, 20% Russell 2500, and 20% Russell 2000.

Investment Manager Returns – Net of Investment Management Fees

As of December 31, 2025

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	
Net of Fees						
Total Fixed Income	1.10%	3.10%	8.13%	5.53%	0.56%	<p>*Current Quarter Target = 50.0% MSCI ACWI IMI, 25.0% Bloomberg Universal, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.</p> <p>(1) The Fixed Income Benchmark is the Bloomberg Capital Universal Bond Index as of 7/1/2007.</p> <p>(2) The BlackRock Custom Benchmark is 3 Month SOFR compounded in arrears as of 1/1/2022.</p> <p>(4) The Loomis Sayles Custom Benchmark is 65% Bloomberg Aggregate and 35% Bloomberg High Yield.</p> <p>(5) Marketable Assets Index is 66.7% MSCI ACWI IMI and 33.3% Bloomberg Universal as of 7/1/24. Prior, the benchmark was 40% Russell 3000, 26.7% MSCI ACWI ex US, and 33.3% Bloomberg Universal (as of 7/1/2021).</p> <p>(6) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index as of 7/1/2015.</p> <p>(7) The Alternative Assets Benchmark is 66.7% Russell 3000 Index + 2% and 33.3% ((50% S&P LSTA Leveraged Loan 100 Index + 50% Bloomberg High Yield Index) + 1%) as of 7/1/2022.</p> <p>(8) The Private Equity Benchmark is the Russell 3000 Index + 2% as of 7/1/2022.</p> <p>(9) The Private Debt Benchmark is (50% S&P LSTA Leveraged Loan 100 Index & 50% Bloomberg HY Index) + 1% as of 7/1/2022..</p> <p>(10) Total Real Estate returns includes Townsend discretionary fee as of 7/1/2022.</p>
Fixed Income Benchmark (1)	1.20%	3.35%	7.58%	5.24%	0.06%	
Bloomberg Aggregate	1.10%	3.15%	7.30%	4.66%	(0.36%)	
BlackRock SIO Bond Fund	1.55%	3.83%	8.43%	6.88%	3.08%	
BlackRock Custom Benchmark (2)	1.02%	2.14%	4.38%	4.99%	3.34%	
FIAM (Fidelity) Tactical Bond	0.71%	2.95%	7.69%	5.53%	1.17%	
Bloomberg Aggregate	1.10%	3.15%	7.30%	4.66%	(0.36%)	
Income Research & Management	0.90%	2.93%	6.95%	4.95%	(0.42%)	
Bloomberg Gov/Credit	0.90%	2.82%	6.88%	4.56%	(0.59%)	
Loomis Sayles	1.63%	4.36%	9.74%	7.86%	2.56%	
Loomis Sayles Custom Benchmark (4)	1.17%	3.41%	7.78%	6.54%	1.34%	
Manulife Core Bond	1.34%	-	-	-	-	
Bloomberg Aggregate	1.10%	3.15%	7.30%	4.66%	(0.36%)	
Mellon US Agg Bond Index	0.97%	3.04%	7.18%	-	-	
Bloomberg Aggregate	1.10%	3.15%	7.30%	4.66%	(0.36%)	
Total Cash	0.97%	2.05%	4.26%	4.91%	3.25%	
3-month Treasury Bill	0.97%	2.06%	4.18%	4.81%	3.17%	
Total Marketable Assets	2.27%	7.01%	14.56%	14.09%	7.15%	
Total Marketable Index (5)	2.55%	8.50%	17.15%	15.01%	7.36%	
Total Real Estate (10)	0.87%	0.81%	5.05%	(3.63%)	6.06%	
Real Estate Benchmark (6)	0.52%	1.34%	3.19%	(6.15%)	2.59%	
Strategic Core Real Estate	0.84%	0.74%	5.30%	(5.96%)	4.25%	
Tactical Non-Core Real Estate	0.92%	0.88%	4.72%	0.61%	9.16%	
Total Alternative Assets	1.75%	1.79%	5.56%	5.74%	10.78%	
Alternative Assets Benchmark (7)	6.53%	15.78%	16.01%	21.46%	14.74%	
Total Private Equity	1.77%	1.77%	5.20%	5.70%	12.19%	
Private Equity Benchmark (8)	8.57%	20.92%	19.62%	26.36%	18.60%	
Cambridge Global PE Idx 1 Qtr Lag	0.00%	0.00%	2.56%	5.00%	11.03%	
Total Private Debt	1.70%	1.85%	6.50%	5.84%	7.41%	
Private Debt Benchmark (9)	2.51%	5.96%	8.66%	11.78%	6.83%	
Cambridge Private Credit Idx 1 Qtr Lag	0.00%	0.00%	2.97%	8.00%	9.42%	
Total Fund Composite	2.07%	5.59%	12.16%	10.53%	7.79%	
Total Fund Benchmark *	2.93%	8.83%	15.61%	13.81%	8.17%	

Important Disclosures

Information contained in this document may include confidential, trade secret and/or proprietary information of Callan and the client. It is incumbent upon the user to maintain such information in strict confidence. Neither this document nor any specific information contained herein is to be used other than by the intended recipient for its intended purpose.

The content of this document is particular to the client and should not be relied upon by any other individual or entity. There can be no assurance that the performance of any account or investment will be comparable to the performance information presented in this document.

Certain information herein has been compiled by Callan from a variety of sources believed to be reliable but for which Callan has not necessarily verified for accuracy or completeness. Information contained herein may not be current. Callan has no obligation to bring current the information contained herein.

Callan's performance, market value, and, if applicable, liability calculations are inherently estimates based on data available at the time each calculation is performed and may later be determined to be incorrect or require subsequent material adjustment due to many variables including, but not limited to, reliance on third party data, differences in calculation methodology, presence of illiquid assets, the timing and magnitude of unrecognized cash flows, and other data/assumptions needed to prepare such estimated calculations. In no event should the performance measurement and reporting services provided by Callan be used in the calculation, deliberation, policy determination, or any other action of the client as it pertains to determining amounts, timing or activity of contribution levels or funding amounts, rebalancing activity, benefit payments, distribution amounts, and/or performance-based fee amounts, unless the client understands and accepts the inherent limitations of Callan's estimated performance, market value, and liability calculations.

Callan's performance measurement service reports estimated returns for a portfolio and compares them against relevant benchmarks and peer groups, as appropriate; such service may also report on historical portfolio holdings, comparing them to holdings of relevant benchmarks and peer groups, as appropriate ("portfolio holdings analysis"). To the extent that Callan's reports include a portfolio holdings analysis, Callan relies entirely on holdings, pricing, characteristics, and risk data provided by third parties including custodian banks, record keepers, pricing services, index providers, and investment managers. Callan reports the performance and holdings data as received and does not attempt to audit or verify the holdings data. Callan is not responsible for the accuracy or completeness of the performance or holdings data received from third parties and such data may not have been verified for accuracy or completeness.

Callan's performance measurement service may report on illiquid asset classes, including, but not limited to, private real estate, private equity, private credit, hedge funds and infrastructure. The final valuation reports, which Callan receives from third parties, for of these types of asset classes may not be available at the time a Callan performance report is issued. As a result, the estimated returns and market values reported for these illiquid asset classes, as well as for any composites including these illiquid asset classes, including any total fund composite prepared, may not reflect final data, and therefore may be subject to revision in future quarters.

The content of this document may consist of statements of opinion, which are made as of the date they are expressed and are not statements of fact. The opinions expressed herein may change based upon changes in economic, market, financial and political conditions and other factors. Callan has no obligation to bring current the opinions expressed herein.

The information contained herein may include forward-looking statements regarding future results. The forward-looking statements herein: (i) are best estimations consistent with the information available as of the date hereof and (ii) involve known and unknown risks and uncertainties. Actual results may vary, perhaps materially, from the future results projected in this document. Undue reliance should not be placed on forward-looking statements.

Callan is not responsible for reviewing the risks of individual securities or the compliance/non-compliance of individual security holdings with a client's investment policy guidelines.

This document should not be construed as legal or tax advice on any matter. You should consult with legal and tax advisers before applying any of this information to your particular situation.

Reference to, or inclusion in this document of, any product, service or entity should not necessarily be construed as recommendation, approval, or endorsement or such product, service or entity by Callan. This document is provided in connection with Callan's consulting services and should not be viewed as an advertisement of Callan, or of the strategies or products discussed or referenced herein.

Important Disclosures (continued)

The issues considered and risks highlighted herein are not comprehensive and other risks may exist that the user of this document may deem material regarding the enclosed information. Please see any applicable full performance report or annual communication for other important disclosures.

Unless Callan has been specifically engaged to do so, Callan does not conduct background checks or in-depth due diligence of the operations of any investment manager search candidate or investment vehicle, as may be typically performed in an operational due diligence evaluation assignment and in no event does Callan conduct due diligence beyond what is described in its report to the client.

Any decision made on the basis of this document is sole responsibility of the client, as the intended recipient, and it is incumbent upon the client to make an independent determination of the suitability and consequences of such a decision.

Callan undertakes no obligation to update the information contained herein except as specifically requested by the client.

Past performance is no guarantee of future results.

LEGISLATIVE COMMITTEE

2026 Legislative Calendars

SENATE

Thursday, April 30, 2026	Deadline for Policy Committees to ACT on all House bills with a fiscal impact, except bills exempted pursuant to Senate Rule 4-5.
Thursday, May 14, 2026	Deadline to ACT on all House bills.
Thursday, May 21, 2026	Deadline to FORM Committees of Conference.
Monday, May 25, 2026	Memorial Day (State Holiday)
Thursday, May 28, 2026	Deadline to SIGN Committee of Conference Reports.
Thursday, June 4, 2026	Deadline to ACT on Committee of Conference Reports

HOUSE

(2ND YEAR SESSION DEADLINES)

Thursday, April 16, 2026	Last day to report Senate Bills (SB) going to a second committee
Thursday, April 23, 2026	Last day to act on SBs going to a second committee
Thursday, May 7, 2026	Last day to report all SBs
Thursday, May 14, 2026	Last day to act on SBs
Thursday, May 21, 2026	Last day to form Committees of Conference
Thursday, May 28, 2026	Last day to sign Committee of Conference reports (4 p.m.)
Thursday, June 4, 2026	Last day to act on Committee of Conference reports
Tuesday, Sept. 1, 2026	First day for incumbents running for re-election to file LSRs with complete information
Friday, Sept. 11, 2026	Last day for incumbents running for re-election to file LSRs with complete information
Friday, October 23, 2026	Last day to file 2026 Interim Study reports
Wednesday, Nov. 4, 2026	First day for all Representatives to file LSRs with complete information
Wednesday, Nov. 18, 2026	Last day for all Representatives to file LSRs with complete information Ten-day sign off begins
Tuesday, January 5, 2027	Last day to sign-off on all LSRs
Friday, January 15, 2027	Last day to introduce House Bills Last day to amend House Rules by majority vote



2026 Legislative Tracker

Legislation introduced in the 2026 session that would impact the New Hampshire Retirement System is listed below. For details on a particular bill, visit the State of New Hampshire General Court website at: <http://gencourt.state.nh.us/>

BILL #	BRIEF DESCRIPTION	PRIMARY SPONSOR	STATUS
2026 NHRS-RELATED BILLS			
SB 502	This bill removes references to the department of business and economic affairs and office of planning and development and makes changes to how certain committees and commissions participate or operate. Amended to include allowing the IIC members' participation via telephone, video, or other means.	Sen. Pearl	1/29/26: Senate voted OTP/A #0116s, VV 3/25/26: House ED&A public hearing scheduled for 4/1/26 at 10:30 am, GP Rm. 231
HB 1014	This bill modifies the definition and limitations of part-time employment for retired members of the retirement system, including exceptions for emergency service and concurrent employment at the time of retirement.	Rep. Petrigno	3/11/26: House voted ITL, VV. The bill is dead.
HB 1024	This bill prohibits investments by the New Hampshire retirement system in businesses owned by a sitting president or their family.	Rep. Caplan	2/19/26: House voted to refer for Interim Study, VV. No further action is expected on this bill in this session.
HB 1170	This bill provides a supplemental retirement allowance to certain group II retirees and their beneficiaries, funded by the state general fund and added permanently to their base annuity, and makes an appropriation therefor.	Rep. Trottier	2/19/26: House voted ITL, VV. The bill is dead.
HB 1439	This bill revises the penalty structure for retirees who exceed the annual hour limit for part-time employment.	Rep. MacDonald	3/11/26: House voted ITL, VV. The bill is dead.
HB 1459	Standardizing the application of post-retirement part-time hour limits under the New Hampshire Retirement System.	Rep. MacDonald	2/12/26: House voted ITL, VV. The bill is dead.
HB 1471	This bill updates the calculation of AFC for group II retirement system members (police and fire) who began service before July 1, 2011 and were not vested by 1/1/12, aligning it with the formula adopted in HB 2 (2025).	Rep. Foote	3/11/26: House voted ITL, VV. The bill is dead.
HB 1585	This bill requires state and local public retirement systems to discharge their duties solely in the financial interest of the participants and beneficiaries.	Rep. Ammon	2/19/26: House voted to refer for Interim Study, VV. No further action is expected on this bill in this session.
SB 601	This bill provides that the state shall pay 7.5 percent of contributions of retirement system employers other than the state for group I teachers and group II members.	Sen. Long	2/19/26: Senate voted ITL (16-8). The bill is dead.
SB 651	This bill legalization of cannabis with provision to provide portion of tax to NHRS for UAAL (pg. 22, ln 14).	Sen. Fenton	2/5/26: Senate voted to table the bill (15-9). No further action is expected on this bill in this session.
<p>Committee Key: ED&A = Executive Departments & Administration; Jud. = Judiciary Labor = Labor, Industrial and Rehabilitative Services; EL&MA = Election Law and Municipal Affairs Location Key: LOB = Legislative Office Building; SH = State House; GP = Granite Place (South Bldg.) CC - Consent Calendar; ITL - Inexpedient to Legislate; OTP - Ought to Pass; OTP/A - Ought to Pass with Amendment; VV - Voice Vote</p>			

Note: Bills that have been killed or for which no further action is expected are shaded in gray.

OTHER BILLS OF INTEREST			
BILL #	BRIEF DESCRIPTION	PRIMARY SPONSOR	STATUS
Bills amending RSA 91-A (Right to Know law)			
HB 1233	This bill limits minutes or decisions withheld from disclosure to those portions covered by the motion to enter nonpublic session. Add start/end times nonpublic minutes.	Rep. Beaulier	3/5/26: House voted OTP, VV. 3/20/26: Senate EL&MA voted to recommend ITL, 5-0. The full Senate will vote on the recommendation at a future date.
Bills amending RSA 541-A (Administrative Procedure Act (APA))			
HB 1211	This bill states that in actions by/against state agencies, after applying all customary tools of interpretation, the court or hearing officer shall resolve any remaining doubt as to legal meaning in favor of a reasonable interpretation that limits agency power and maximizes liberty for the individuals impacted by restrictions, fees, fines, or civil or criminal action as a result of the state statute, regulation, or other sub regulatory agency document.	Rep. Kofalt	3/11/26: House voted OTP/A, #0906h, VV. 3/25/26: Senate ED&A public hearing scheduled for 4/1 @ 9 am, SH Rm103
HB 1665	This bill allows for subpoenas in administrative proceedings.	Rep. Popovici-Muller	3/12/26: House voted OTP/A, #0696h, (197-149) 3/17/26: Referred to Senate Jud.
SB 486	This bill revises the Administrative Procedures Act.	Sen. Lang	1/29/26: Senate voted OTP/A, #0059s, 3/25/26: House ED&A public hearing scheduled for 4/1 @ 10 am GP Rm231
Miscellaneous			
SB 423	This bill re-establishes commission to study incidence of PTSD in first responders. Bill adds a member to the commission from the NH comfort dog community and modifies the duties of the commission.	Sen. Birdsell	2/5/26: Senate voted OTP/A, #0355s, VV 3/25/26: House ED&A held public hearing.
HB 1032	Creating an exception to physical attendance and quorum requirements under the RTK law for individuals with disabilities & individuals caring for a household member.	Rep. Horrigan	3/12/26: No vote by House deadline. Status "Miscellaneous." No further action is expected on this bill.
HB 1123	This bill requires certain companies to post expected salary ranges on public job listings.	Rep. Wade	2/5/26: House voted ITL (193-149) The bill is dead.
HB 1150	This bill requires ERs to notify public EEs w/in 5 business days of receiving complaints, unless disclosure restricted.	Rep. Pearson	2/19/26: voted ITL, VV. The bill is dead.
HB 1177	This bill defines remote work and establishes employment protections for remote workers.	Rep. MacKenzie	3/12/26: No vote by House deadline. Status "Miscellaneous." No further action is expected on this bill.
HB 1261	This bill revises the procedures of the APA.	Rep. Layon	3/11/26: House voted to refer for Interim Study, VV. No further action is expected on this bill.
HB 1443	This bill clarifies that the state's payment of a premium or partial premium for retiree medical coverage applies to Medicare eligible-retired EE and/or spouse.	Rep. Sabourin dit Choiniere	2/12/26: House voted ITL, VV. The bill is dead.
HB 1683	Rules must identify specific statutory authority, 2 yr review of rules, procedure to repeal rules inconsistent with statutes.	Rep. Potenza	2/19/26: House voted to refer for Interim Study, VV. No further action is expected on this bill.
HB 1704	This bill provides certain public EEs with independent bargaining rights and authorizes bargaining with ERs. The bill also establishes penalties for violations.	Rep. Labrie	3/11/26: House voted (165-171) to postpone indefinitely. No further action is expected on this bill.
SB 626	This bill restricts RTK requests to persons domiciled or maintaining a permanent residence in NH and requires proof of domicile/residency to file RTK requests.	Sen. Gannon	3/12/26: Senate voted on a voice vote to table the bill. No further action is expected on this bill.

BENEFITS COMMITTEE

**New Hampshire Retirement System
Benefits Committee Meeting**

**Consent Agenda
March 3, 2026**

Disability Application Recommendations

1. M.C. Grant ordinary disability retirement (ODR) to this group II member who has 18 years and 9 months of creditable service, based on medical evidence that supports his claim for permanent incapacity from his work duties due to a medical condition.
2. S.I. Grant accidental disability retirement (ADR) to this group II member who has 9 years of creditable service, based on medical evidence that supports his claim for permanent incapacity from his work duties due to a medical condition.
3. S.K. Grant ordinary disability retirement (ODR) to this group I member who has 18 years and 5 months of creditable service, based on medical evidence that supports her claim for permanent incapacity from her work duties due to a medical condition.
4. M.M. Grant accidental disability retirement (ADR) to this group II member who has 5 years of creditable service, based on medical evidence that supports her claim for permanent incapacity from her work duties due to a medical condition.
5. L.T. Grant ordinary disability retirement (ODR) to this group I member who has 20 years and 3 months of creditable service, based on medical evidence that supports her claim for permanent incapacity from her work duties due to a medical condition.

**New Hampshire Retirement System
Benefits Committee Meeting**

**Consent Agenda
April 7, 2026**

Disability Application Recommendations

1. K.B. Grant ordinary disability retirement (ODR) to this group I member who has 13 years and 9 months of creditable service, based on medical evidence that supports her claim for permanent incapacity from her work duties due to a medical condition.
2. C.M. Grant accidental disability retirement (ADR) to this group I member who has 32 years and 7 months of creditable service, based on medical evidence that supports his claim for permanent incapacity from his work duties due to a medical condition.
3. E.R. Grant violent accidental disability retirement (VADR) to this group II member who worked for a political subdivision and has 14 years and 10 months of creditable service, based on medical evidence that supports his claim for permanent incapacity from his work duties due to a medical condition, and for whom the Commissioner of Safety has certified the incapacitating event meets the criteria of a violent attack.
4. T.S. Grant accidental disability retirement (ADR) to this group II member who has 11 years and 10 months of creditable service, based on medical evidence that supports his claim for permanent incapacity from his work duties due to a medical condition.

PERSONNEL PERFORMANCE & COMPENSATION COMMITTEE

Oral Presentation Only



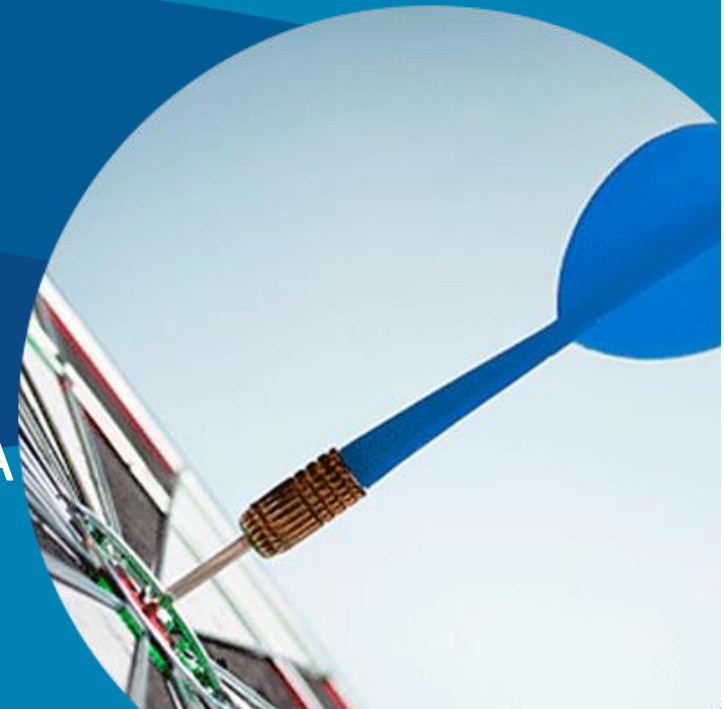
New Hampshire Retirement System June 30, 2025 Funding Valuation

April 14, 2026

Heidi Barry, ASA, FCA, MAAA

Jeffrey Tebeau, FSA, EA, FCA, MAAA

Casey Ahlbrandt-Rains, ASA, FCA, MAAA



Today's Topics

- Purposes of the Valuation
- Executive Summary
- Plan Experience
- Changes for the June 30, 2025 Funding Valuation
- Pension Funded Status and Contributions
- Medical Subsidy Methodology

PURPOSES OF THE VALUATION



Purposes of the Valuation

**Compute
Contribution
Rate**

**Measure
Funding
Position**

**Analyze
Annual
Experience**

Discuss Risks

EXECUTIVE SUMMARY



June 30, 2025 Valuation Executive Summary

Computed Employer Contribution Rates as a Percent of Payroll*

	State Members			
	Employees	Teachers	Police	Fire
Pension	11.36%	N/A	27.48%	24.78%
Medical Subsidy	0.12%	N/A	1.50%	1.50%
Total	11.48%	N/A	28.98%	26.28%

	Political Subdivision Members			
	Employees	Teachers	Police	Fire
Pension	11.36%	17.49%	25.21%	23.13%
Medical Subsidy	0.15%	0.77%	1.50%	1.50%
Total	11.51%	18.26%	26.71%	24.63%

	Additional Contributions Attributable to the Adoption of HB 282 Paid by the State for Political Subdivision Members^			
	Employees	Teachers	Police	Fire
Pension	n/a	n/a	2.27%	1.65%

[^] The State shall pay the increase in the employer contribution rates attributable to the adoption of HB 282.

* The grand total contribution rates for NHRS (State and Political Subdivisions combined) are 16.19% of payroll for pension and 0.60% for the medical subsidy for a grand total of 16.79% of payroll.

June 30, 2025 Valuation

Executive Summary – Pension

Covered Group	Employees	Teachers	Police	Fire	Total
I. Number of Participants as of June 30, 2025					
a. Actives	24,892	17,747	4,031	1,872	48,542
b. Retirees, Disabilities, and Beneficiaries ¹	22,182	16,334	4,984	2,054	45,554
c. Vested Terminations	1,827	1,465	186	58	3,536
d. Non-Vested Inactive Terminations	15,423	5,284	1,305	126	22,138
e. Total	64,324	40,830	10,506	4,110	119,770
f. Total Covered Annual Payroll	\$ 1,614,825,250	\$ 1,325,095,849	\$ 406,145,433	\$ 181,298,892	\$ 3,527,365,424
g. Ratio of Actives to Benefit Recipients	1.1	1.1	0.8	0.9	1.1
II. Statutory Funding Information					
a. Actuarial Present Value of Projected Benefits	\$ 7,217,630,314	\$ 8,081,021,877	\$ 4,316,349,188	\$ 2,021,953,544	\$ 21,636,954,923
b. Actuarial Present Value of Future Normal Costs	1,125,838,410	1,175,193,037	635,439,302	332,022,722	3,268,493,471
c. Actuarial Accrued Liability (AAL): a. – b.	6,091,791,904	6,905,828,840	3,680,909,886	1,689,930,822	18,368,461,452
d. Actuarial Value of Assets	4,433,687,231	4,800,067,194	2,640,699,793	1,275,041,189	13,149,495,407
e. Expected State Appropriation for House Bill (HB) 282 ³	-	-	10,005,000	4,495,000	14,500,000
f. Unfunded Actuarial Accrued Liability (UAAL): c. – d. – e.	1,658,104,673	2,105,761,646	1,030,205,093	410,394,633	5,204,466,045
g. Funded Status: (d. + e.) / c.	72.8%	69.5%	71.9%	75.7%	71.6%
III. Additional Information on Payroll					
State	\$ 726,590,557	\$ -	\$ 120,410,757	\$ 2,956,332	\$ 849,957,646
Political Subdivisions	888,234,693	1,325,095,849	285,734,676	178,342,560	2,677,407,778
Total	\$ 1,614,825,250	\$ 1,325,095,849	\$ 406,145,433	\$ 181,298,892	\$ 3,527,365,424
IV. Contribution Rates for Fiscal Year 2028/2029 (% of Payroll)					
Member	7.00%	7.00%	11.55%	11.80%	
Employer ² (Including Health Subsidy)	11.50%	18.26%	28.98%	26.28%	

¹ Number counts for inactive plan members or beneficiaries currently receiving benefits include 4,014 additional data records which have resulted from additional annuities, survivor benefits, or members having benefits in more than one valuation group.

² Employer contribution rate is weighted average of State and Political Subdivisions.

³ An appropriation of \$14.5 million was made by the State in FY 2026 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 282. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2025 by this amount to offset some of the increase in actuarial accrued liabilities resulting from the benefit provision change.



June 30, 2025 Valuation

Executive Summary – Medical Subsidy

Covered Group	State Employees	Political Subdivision Employees	Teachers	Police and Fire	Grand Total
I. Number of Participants Covered by					
Post Retirement Medical Subsidy as of June 30, 2025					
a. Actives*	-	-	-	5,903	5,903
b. Retirees, Disabilities, and Beneficiaries	1,081	847	3,527	2,963	8,418
c. Vested Terminations	-	-	-	-	-
d. Total	1,081	847	3,527	8,866	14,321
e. Total NHRS Covered Annual Payroll	\$ 726,590,557	\$ 888,234,693	\$ 1,325,095,849	\$ 587,444,325	\$ 3,527,365,424
II. Statutory Funding Information					
a. Actuarial Present Value of Projected Benefits	\$ 23,458,676	\$ 28,236,670	\$ 145,823,611	\$ 226,296,254	\$ 423,815,211
b. Actuarial Present Value of Future Normal Costs	-	-	-	3,908,583	3,908,583
c. Actuarial Accrued Liability (AAL): a. – b.	23,458,676	28,236,670	145,823,611	222,387,671	419,906,628
d. Valuation Assets	5,972,304	7,454,009	13,950,012	26,317,322	53,693,647
e. Unfunded Actuarial Accrued Liability (UAAL): c. – d.	17,486,372	20,782,661	131,873,599	196,070,349	366,212,981
f. Funded Status: d. / c.	25.5%	26.4%	9.6%	11.8%	12.8%

* House Bill 1559 expands the medical subsidy eligibility to all active members who may potentially become eligible for a benefit as a result of a violent act.



June 30, 2025 Valuation

Executive Summary – Contribution Rates

State Members

Covered Group	Employees	Teachers	Police	Fire	Total
Total Normal Cost (% of Payroll)	9.31%		17.27%	17.08%	10.45%
UAAL Contribution (% of Payroll)	9.05%		21.76%	19.50%	10.86%
Total Pension Contribution (% of Payroll)	18.36%		39.03%	36.58%	21.31%
Fiscal Year 2028					
Member Contributions (% of Payroll)	7.00%		11.55%	11.80%	7.65%
Employer Pension Contribution (% of Payroll)	11.36%		27.48%	24.78%	13.66%
Employer Medical Subsidy Contribution (% of Payroll)	0.12%		1.50%	1.50%	0.32%
Total Employer Contributions for Fiscal Year 2028					
1. Percent of Payroll	11.48%	N/A	28.98%	26.28%	13.98%
2. Projected Payroll for Fiscal Year	\$ 793,965,120		\$ 131,576,085	\$ 3,230,464	\$ 928,771,669
3. Projected Dollar Amount	\$ 91,147,196	N/A	\$ 38,130,749	\$ 848,966	\$ 130,126,911
Fiscal Year 2029					
Member Contributions (% of Payroll)	7.00%		11.55%	11.80%	7.65%
Employer Pension Contribution (% of Payroll)	11.36%		27.48%	24.78%	13.66%
Employer Medical Subsidy Contribution (% of Payroll)	0.12%		1.50%	1.50%	0.32%
Total Employer Contributions for Fiscal Year 2029					
1. Percent of Payroll	11.48%	N/A	28.98%	26.28%	13.98%
2. Projected Payroll for Fiscal Year	\$ 817,784,074		\$ 135,523,368	\$ 3,327,378	\$ 956,634,820
3. Projected Dollar Amount	\$ 93,881,612	N/A	\$ 39,274,672	\$ 874,435	\$ 134,030,719



June 30, 2025 Valuation

Executive Summary – Contribution Rates

Additional Contributions Paid by the State for Political Subdivision Members as a result of HB 282

Covered Group	Employees	Teachers	Police	Fire	Total
Fiscal Year 2028					
Total Employer Contributions for Fiscal Year 2028					
1. Percent of Payroll	N/A	N/A	2.27%	1.65%	0.11%
2. Projected Payroll for Fiscal Year	N/A	N/A	\$ 312,229,995	\$ 194,879,731	\$ 507,109,726
3. Projected Dollar Amount	N/A	N/A	\$ 7,087,621	\$ 3,215,516	\$ 10,303,137
Fiscal Year 2029					
Total Employer Contributions for Fiscal Year 2029					
1. Percent of Payroll	N/A	N/A	2.27%	1.65%	0.11%
2. Projected Payroll for Fiscal Year	N/A	N/A	\$ 321,596,895	\$ 200,726,123	\$ 522,323,018
3. Projected Dollar Amount	N/A	N/A	\$ 7,300,250	\$ 3,311,981	\$ 10,612,231



June 30, 2025 Valuation

Executive Summary – Contribution Rates

Political Subdivision Members

Covered Group	Employees	Teachers	Police	Fire	Total
Total Normal Cost (% of Payroll)	9.31%	9.78%	16.41%	16.54%	10.37%
UAAL Contribution (% of Payroll)	9.05%	14.71%	20.35%	18.39%	13.35%
Total Pension Contribution (% of Payroll)	18.36%	24.49%	36.76%	34.93%	23.72%
Fiscal Year 2028					
Member Contributions (% of Payroll)	7.00%	7.00%	11.55%	11.80%	7.53%
Employer Pension Contribution (% of Payroll)	11.36%	17.49%	25.21%	23.13%	16.19%
Employer Medical Subsidy Contribution (% of Payroll)	0.15%	0.77%	1.50%	1.50%	0.63%
Total Employer Contributions for Fiscal Year 2028					
1. Percent of Payroll	11.51%	18.26%	26.71%	24.63%	16.82%
2. Projected Payroll for Fiscal Year	\$ 970,598,031	\$ 1,426,983,297	\$ 312,229,995	\$ 194,879,731	\$ 2,904,691,054
3. Projected Dollar Amount	\$ 111,715,833	\$ 260,567,150	\$ 83,396,632	\$ 47,998,878	\$ 503,678,493
Fiscal Year 2029					
Member Contributions (% of Payroll)	7.00%	7.00%	11.55%	11.80%	7.53%
Employer Pension Contribution (% of Payroll)	11.36%	17.49%	25.21%	23.13%	16.19%
Employer Medical Subsidy Contribution (% of Payroll)	0.15%	0.77%	1.50%	1.50%	0.63%
Total Employer Contributions for Fiscal Year 2029					
1. Percent of Payroll	11.51%	18.26%	26.71%	24.63%	16.82%
2. Projected Payroll for Fiscal Year	\$ 999,715,972	\$ 1,462,657,879	\$ 321,596,895	\$ 200,726,123	\$ 2,984,696,869
3. Projected Dollar Amount	\$ 115,067,308	\$ 267,081,329	\$ 85,898,531	\$ 49,438,844	\$ 517,486,012



June 30, 2025 Valuation

Executive Summary – Contribution Rates

Total NHRS Members

Covered Group	Employees	Teachers	Police	Fire	Total
Fiscal Year 2028					
1. Projected Payroll for Fiscal Year	\$ 1,764,563,151	\$ 1,426,983,297	\$ 443,806,080	\$ 198,110,195	\$ 3,833,462,723
2. Projected Employer Dollar Amount	\$ 202,863,029	\$ 260,567,150	\$ 128,615,002	\$ 52,063,360	\$ 644,108,541
Fiscal Year 2029					
1. Projected Payroll for Fiscal Year	\$ 1,817,500,046	\$ 1,462,657,879	\$ 457,120,263	\$ 204,053,501	\$ 3,941,331,689
2. Projected Employer Dollar Amount	\$ 208,948,920	\$ 267,081,329	\$ 132,473,453	\$ 53,625,260	\$ 662,128,962



PLAN EXPERIENCE



June 30, 2025 Valuation

Active Member Experience

	June 30, 2024	June 30, 2025	Percent Change
Count	48,989	48,542	(0.9)%
Total Payroll (000s)	\$3,381,487	\$3,527,365	4.3%
Average Pay	\$69,025	\$72,666	5.3%
Average Age	45.9	46.3	0.9%
Average Service	10.8	11.3	4.6%

Salary increases were higher than expected for all member classifications except Fire which was close to expected.

	June 30, 2024		June 30, 2025		Percent Change in Payroll
	Active Members	Valuation Payroll (000s)	Active Members	Valuation Payroll (000s)	
Employees	25,402	\$1,562,280	24,892	\$1,614,825	3.4%
Teachers	17,655	1,258,083	17,747	1,325,096	5.3%
Police	4,126	390,935	4,031	406,145	3.9%
Fire	1,806	170,189	1,872	181,299	6.5%
Total	48,989	\$3,381,487	48,542	\$3,527,365	4.3%

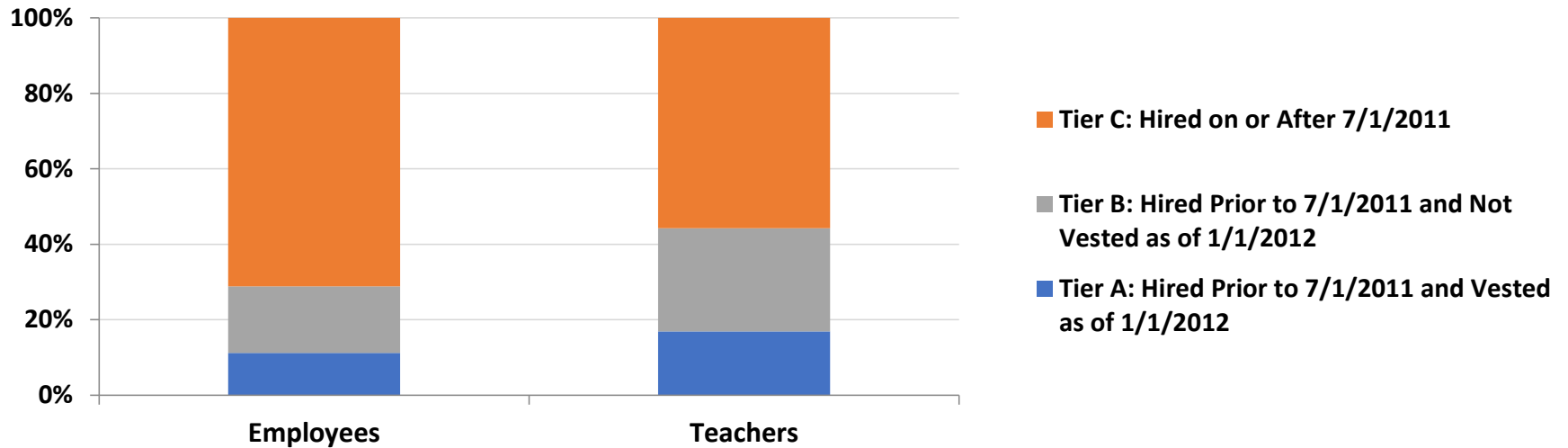
Total payroll is assumed to grow at 2.50% for Teachers and 3.00% for other member classifications going forward.



Proportion of Active Population by Benefit Structure as of June 30, 2025 – Group I

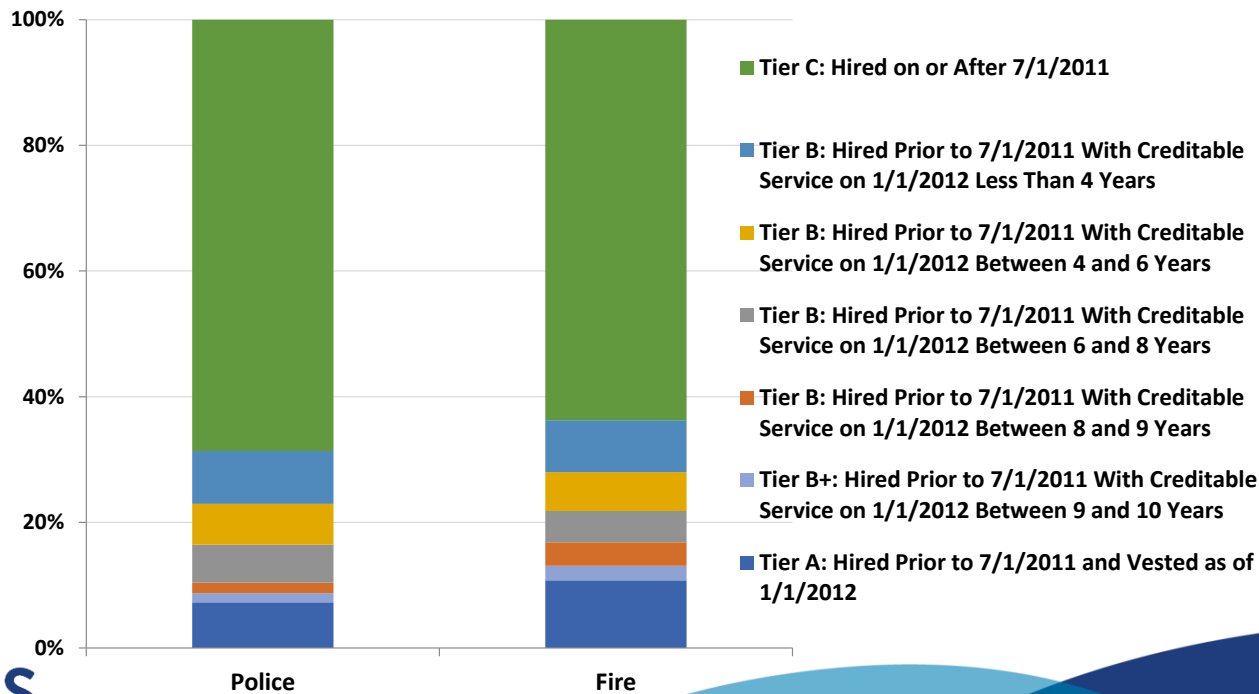
Tier A: Hired Prior to 7/1/2011 and Vested as of 1/1/2012
 Tier B: Hired Prior to 7/1/2011 and Not Vested as of 1/1/2012
 Tier C: Hired on or After 7/1/2011
 Total

Employees	Teachers
2,789	3,002
4,390	4,859
17,713	9,886
24,892	17,747



Proportion of Active Population by Benefit Structure as of June 30, 2025 – Group II

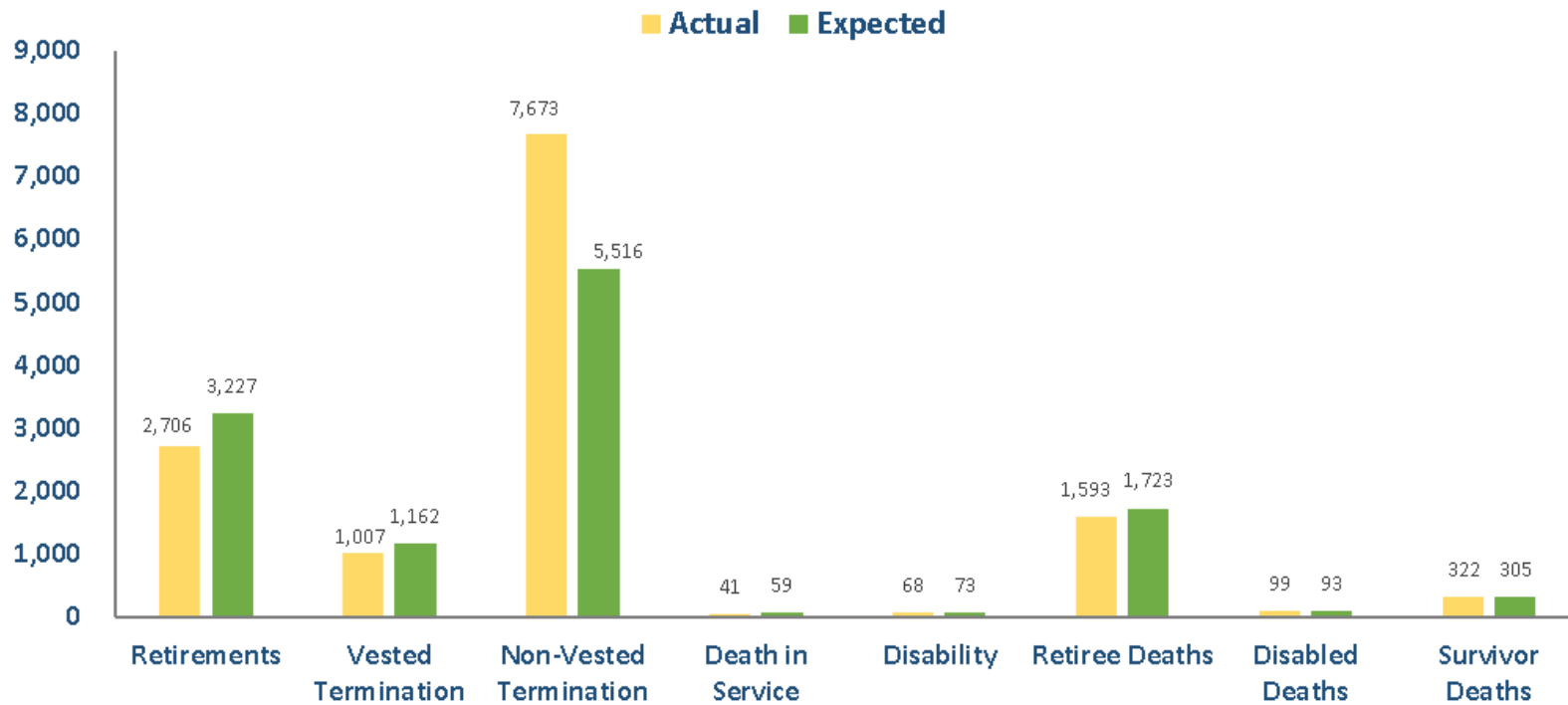
	Police	Fire
Tier A: Hired Prior to 7/1/2011 and Vested as of 1/1/2012	293	202
Tier B+: Hired Prior to 7/1/2011 With Creditable Service on 1/1/2012 Between 9 and 10 Years	59	43
Tier B: Hired Prior to 7/1/2011 With Creditable Service on 1/1/2012 Between 8 and 9 Years	67	70
Tier B: Hired Prior to 7/1/2011 With Creditable Service on 1/1/2012 Between 6 and 8 Years	244	93
Tier B: Hired Prior to 7/1/2011 With Creditable Service on 1/1/2012 Between 4 and 6 Years	262	116
Tier B: Hired Prior to 7/1/2011 With Creditable Service on 1/1/2012 Less Than 4 Years	338	155
Tier C: Hired on or After 7/1/2011	2,768	1,193
Total	4,031	1,872



June 30, 2025 Valuation

Demographic Experience

Biennial Decrement Experience - NHRS Total



June 30, 2025 Valuation

Demographic Experience

Benefit Recipient Count and Allowances by Year

	June 30, 2024	%-Change from Prior Year	June 30, 2025	%-Change from Prior Year
Benefit Recipient Count	45,330	4.0%	45,554	0.5%
Annual Allowances (\$1,000s)	\$1,025,590	5.9%	\$1,041,094	1.5%
Average Allowance	\$22,625	1.8%	\$22,854	1.0%

Active Member Payroll by Year (\$1,000s)

	June 30, 2024	%-Change from Prior Year	June 30, 2025	%-Change from Prior Year
Employees	\$1,562,280	10.6%	\$1,614,825	3.4%
Teachers	\$1,258,083	-0.2%	\$1,325,096	5.3%
Police	\$390,935	11.9%	\$406,145	3.9%
Fire	\$170,189	9.2%	\$181,299	6.5%



June 30, 2025 Valuation

Asset Experience

- Combined for Pension and Medical Subsidy
 - Market Return of 10.3%
 - Actuarial Rate of Return 9.0%
 - Overall asset gains scheduled to be recognized over the next four years (next slide)
- Market Value of Assets \$13.4 billion
- Actuarial Value of Assets \$13.2 billion

June 30, 2025 Valuation Actuarial Value of Assets

Year Ended June 30:	2023	2024	2025	2026	2027	2028	2029
A. Actuarial Value Beginning of Year	\$10,895,279,638	\$11,545,899,326	\$12,244,586,126				
B. Market Value End of Year	11,509,543,587	12,340,523,769	13,447,973,621				
C. Market Value Beginning of Year	10,753,348,857	11,509,543,587	12,340,523,769				
D. Non-Investment Net Cash Flow*	(98,613,371)	(164,033,617)	(139,123,057)				
E. Investment Income							
E1. Market Total: B - C - D	854,808,101	995,013,799	1,246,572,909				
E2. Assumed Rate	6.75%	6.75%	6.75%				
E3. Amount for Immediate Recognition	732,103,174	773,812,070	821,814,160				
E4. Amount for Phased-In Recognition: E1-E3	122,704,927	221,201,729	424,758,749				
F. Phased-In Recognition of Investment Income							
F1. Current Year: 0.20 x E4	24,540,985	44,240,346	84,951,750				
F2. First Prior Year	(276,825,439)	24,540,985	44,240,346	\$ 84,951,750			
F3. Second Prior Year	399,004,181	(276,825,439)	24,540,985	44,240,346	\$ 84,951,750		
F4. Third Prior Year	(102,051,727)	399,004,181	(276,825,439)	24,540,985	44,240,346	\$ 84,951,750	
F5. Fourth Prior Year	(27,538,115)	(102,051,726)	399,004,183	(276,825,441)	24,540,987	44,240,345	\$ 84,951,749
F6. Total Recognized Investment Gain (Loss)	17,129,885	88,908,347	275,911,825	(123,092,360)	153,733,083	129,192,095	84,951,749
G. Preliminary Actuarial Value End of Year: A + D + E3 + F6	\$11,545,899,326	\$12,244,586,126	\$13,203,189,054				
H. Additional Recognized G/L due to Corridor	-	-	-				
I. Final Actuarial Value after 20% Corridor	\$11,545,899,326	\$12,244,586,126	\$13,203,189,054				
J. Difference between Market & Actuarial Value: B-I	\$ (36,355,739)	\$ 95,937,643	\$ 244,784,567				
K. Recognized Rate of Return	6.91%	7.53%	9.02%				
L. Market Rate of Return	7.99%	8.71%	10.31%				
M. Ratio of Actuarial Value to Market Value	100.32%	99.22%	98.18%				

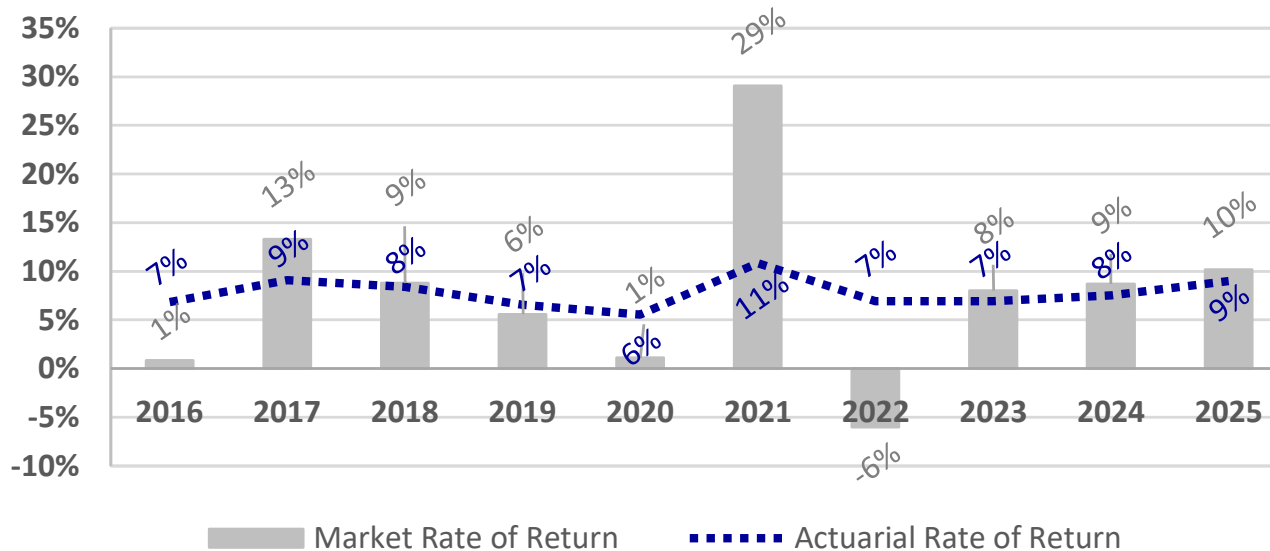
* Information regarding net cash flows for funding purposes is provided separately from the GASB Statement Nos. 67 and 74 information and may differ. Total non-investment net cash flow includes \$1,684,966 in expenses that were unallocated in the GASB accounting statements. Additionally, the non-investment net cash flow excludes \$226,629 in contributions that were reported for GASB accounting statements.



June 30, 2025 Valuation

Actuarial Value of Assets

Historical Rates of Investment Return (Market vs. Actuarial)



June 30, 2025 Valuation Plan Experience

- Gain/(Loss) recognized (Pension only) from July 1, 2024 through June 30, 2025:
 - Investment Gain/(Loss): \$275.2 million
 - Liability Gain/(Loss): \$2.6 million
 - Net Gain/(Loss): recognized \$277.8 million*
 - Funded ratio increased from 68.6% to 71.6% (after benefit changes are reflected)
- Gain/(Loss) recognized (Pension only) from July 1, 2023 through June 30, 2024:
 - Investment Gain/(Loss): \$88.7 million
 - Liability Gain/(Loss): \$(301.3) million
 - Net Gain/(Loss) recognized \$(212.6) million
 - Funded ratio increased from 67.5% to 68.6% (after benefit changes are reflected)
- Investment experience over the two-year valuation cycle was favorable
 - The recognized asset gains were \$276 million in 2024 and \$89 million in 2025 (pension and medical subsidy)
- Plan experience as a whole was favorable for both pension and the medical subsidy over the two-year period from July 1, 2023 through June 30, 2025

* The total gain for pension and medical subsidy combined was \$329.6 million comprised of an asset gain of \$275.9 million and a liability gain of \$53.7 million for FY 2025.



CHANGES FOR THE JUNE 30, 2025 FUNDING VALUATION



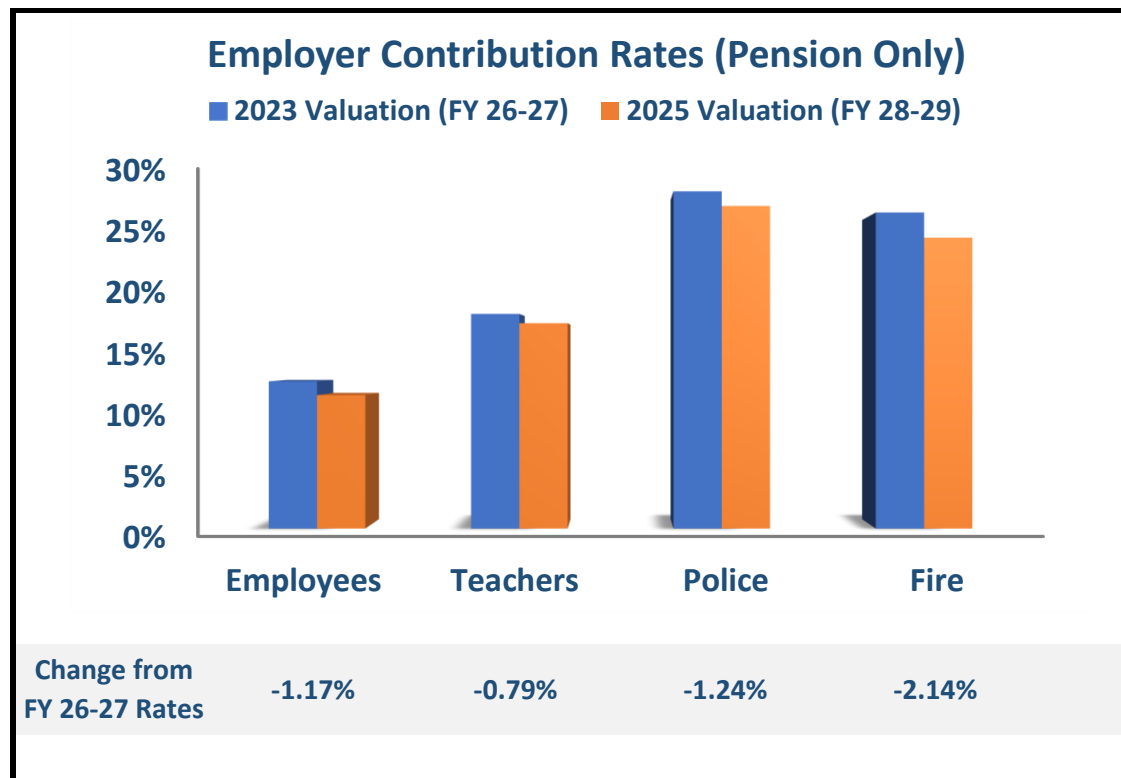
Changes for the June 30, 2025 Funding Valuation

- Plan changes (reflected in 2024 valuation):
 - House Bill No. 1647 – Group II Tier B multiplier changes for service in excess of 15 years
 - Partially funded by the State
 - House Bill No. 1559 – Establishes a violent accidental disability allowance for certain members
 - Increase in actuarial accrued liabilities of approximately \$8.2 million for Police
 - Decreased the funded status of 0.2% for Police
 - House Bill No. 1307 - TSA to certain current accidental disability retirees
 - Terminally funded by the State - an appropriation of \$423,000 was made by the State for this benefit

Changes for the June 30, 2025 Funding Valuation

- Plan changes (reflected in 2025 valuation):
 - House Bill (HB) 282 – modifies the Group II, Tier B members' retirement benefit provisions to restore some of the benefits for Group II, Tier B (Police and Fire) members that were reduced by changes enacted in 2011
 - Group II, Tier B includes members who were hired by July 1, 2011, but not vested by January 1, 2012
 - Increase in actuarial accrued liabilities of approximately \$61.8 million for Police and \$22.1 million for Fire, offset by an appropriation received in July, 2025 of \$10 million and \$4.5 million for Police and Fire, respectively
 - Future appropriations of \$27.5 million per year through 2034 are expected but have not been reflected in this valuation
 - Appropriations will be reflected upon receipt by the System
 - Decreased the funded status by 1.5% for Police and 1.1% for Fire
 - House Bill No. 2 – amends Violent Accidental Disability Retirement (VADR) benefit
 - Limits benefits to members who were physically incapacitated in a way likely to be permanent and excludes mental injuries from eligibility

Changes in Pension Contribution Rates



Police and Fire rates shown above include increases in the employer contribution rates attributable to the adoption of HB 282. As set forth in this legislation as passed, the State shall pay the additional costs attributable thereto.

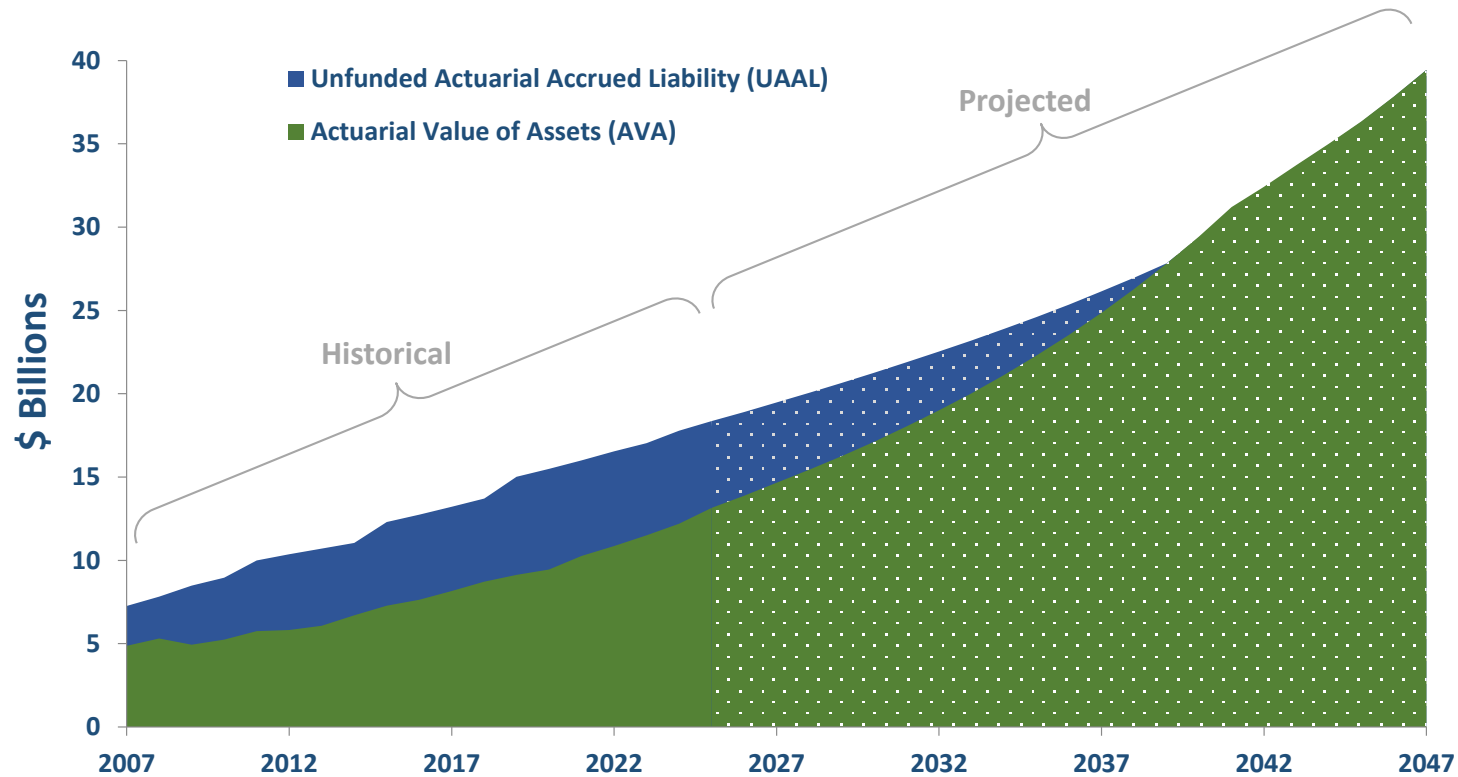
Observations

- Future expectations on pension rates
 - Normal cost rates will decline with new hires
 - UAAL rates are designed to be a level percent for 20 years
 - Initial UAAL will be funded in 12 years (ending June 30, 2039)
 - Unrecognized asset gains in smoothing method will put downward pressure on rates
 - If future payroll growth is greater than expected
 - Will put downward pressure on rates
 - May be a short term effect rather than long term
 - Other sources of gains and losses affect rates

PENSION FUNDED STATUS AND CONTRIBUTIONS



Pension Funded Status (Projected)



Historical Pension Contributions

Fiscal Year Ending	Employer Contribution Rates				
	Employees	Teachers	Police	Fire	Total
2010	9.09%	9.38%	17.34%	22.52%	10.70%
2011	9.09%	9.38%	17.34%	22.52%	10.70%
July 1, 2011 - July 30, 2011	10.71%	11.51%	22.92%	28.25%	13.11%
Aug 1, 2011 - June 30, 2012	8.48%	8.99%	15.98%	18.92%	9.97%
2013	8.48%	8.99%	15.98%	18.92%	9.97%
2014-2015#	10.44%	11.96%	21.35%	23.79%	12.79%
2016-2017	10.86%	12.72%	22.54%	25.32%	13.55%
2018-2019	11.08%	15.70%	25.33%	27.79%	15.27%
2020-2021	10.88%	15.99%	24.77%	26.43%	15.17%
2022-2023	13.75%	19.48%	30.67%	29.78%	18.67%
2024-2025	13.27%	18.51%	28.68%	27.75%	17.79%
2026-2027	12.53%	18.28%	28.72%	26.92%	17.27%
2028-2029	11.36%	17.49%	25.21%	23.13%	15.95%

Fiscal Year Ending	Employer Contribution Rates Attributable to HB 282 [@]				
	Employees	Teachers	Police	Fire	Total
2028-2029	N/A	N/A	2.27%	1.65%	0.24%

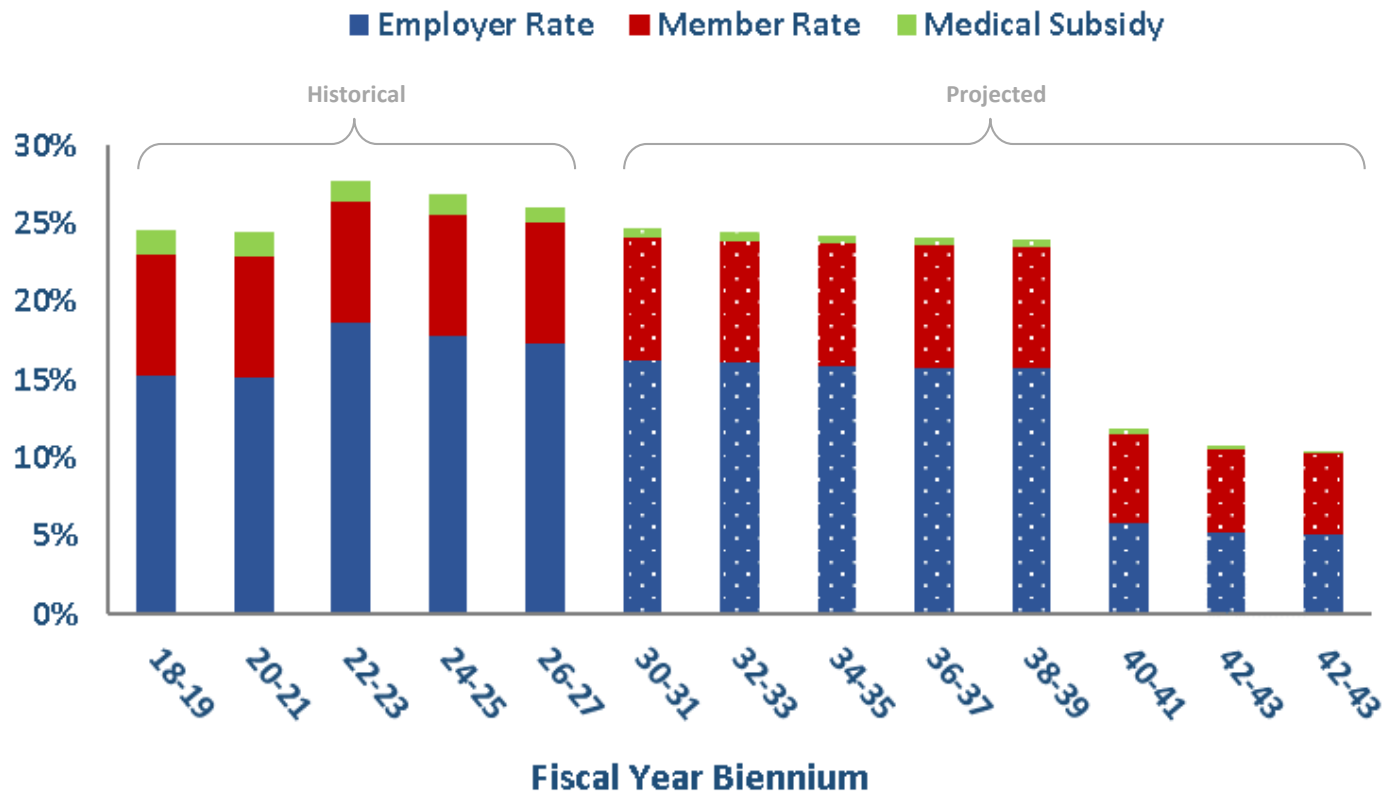
Rates shown are for Political Subdivision. Rates for State are 10.51%, 21.45% and 23.90% for Employees, Police and Fire, respectively.

@ The State shall pay the increase in the employer contribution rates attributable to the adoption of HB 282.



Total System Contributions (Historical and Projected)

Projection of Contribution Rates (% of Payroll)



MEDICAL SUBSIDY METHODOLOGY



Medical Subsidy

Statutory Funding Methodology

- The four medical subsidy subaccounts (which are different from the four pension plan groups) are:
 - State Employees
 - Political Subdivision Employees
 - Teachers
 - Police and Fire
- As required by the statutes*, contribution rates for each of the four subaccounts are the lesser of:
 - 25% of the total employer contribution rate
 - The minimum amount necessary to maintain medical subsidy benefits (solvency funding)
 - Solvency rates for medical subsidy benefits, such that a specified margin is established by the end of the biennium and for all future years thereafter

**RSA 100-A:53, RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. Rates are also limited by IRC Section 401(h).*



Solvency Rate Methodology

- The margin requirement used to determine the health subsidy solvency rate is 20%
 - Teachers group is 50%
- Solvency rates are set for each of the four medical subsidy accounts separately
 - The Teachers' margin is higher in part because the Teachers' medical subsidy account went negative in the past
 - In effect, the Teachers “borrowed” from the other medical subsidy accounts and have paid back that debt with interest
 - Implicit borrowing between medical subsidy accounts is undesirable, but not prohibited
 - Borrowing between medical subsidy and pension is prohibited

June 30, 2025 Valuation

History of Medical Subsidy Contributions

Fiscal Year Ending	Employer Contribution Rates				
	State Employees	Employees Political Sub	Teachers	Police & Fire	Total
2010	3.03%	0.00%	1.32%	2.17%	1.47%
2011	3.03%	0.00%	1.32%	2.17%	1.47%
July 1, 2011 - July 30, 2011	1.60%	0.38%	2.44%	2.65%	1.82%
Aug 1, 2011 - June 30, 2012	1.60%	0.32%	2.31%	3.97%	1.95%
2013	1.60%	0.32%	2.31%	3.97%	1.95%
2014-15	1.62%	0.33%	2.20%	3.95%	1.90%
2016-17	1.64%	0.31%	2.95%	3.84%	2.21%
2018-19	1.07%	0.30%	1.66%	4.10%	1.60%
2020-21	1.05%	0.29%	1.81%	3.66%	1.58%
2022-23	0.78%	0.31%	1.54%	3.21%	1.36%
2024-25	0.58%	0.26%	1.13%	2.60%	1.05%
2026-27	0.34%	0.22%	0.95%	2.23%	0.85%
2028-29	0.12%	0.15%	0.77%	1.50%	0.60%

Medical Subsidy Position

- The medical subsidy is in a much better position than in the past
- Enhancements to funding have been working
 - Implementing and increasing margin as needed
 - Lowering Teachers payroll growth assumption
 - Teachers are now in a positive position compared to several years ago

KEY TAKEAWAYS



Key Takeaways

- System-wide actuarially accrued liabilities for NHRS pensions as of June 30, 2025 are expected to be fully funded by 2041
- Overall plan experience was favorable for both pension the medical subsidy over the 2-year period since the previous rate-setting valuation
- The changes in the Employer pension contribution rates since the previous rate-setting valuation is shown below:

**Increase (Decrease) in
Employer Pension Contribution Rates (% of Pay)**

Employees	Teachers	Police	Fire
(1.17%)	(0.79%)	(1.24%)	(2.14%)

- Decreases to employer contribution rates were predominantly the result of better than expected investment experience
- The State shall pay the increase in the employer contribution rates for political subdivisions attributable to the adoption of HB 282

Employer Contribution Rates Attributable to HB 282

Employees	Teachers	Police	Fire
N/A	N/A	2.27%	1.65%



TIMELINE



Timeline

- Today – adopt final rates for the 2028-2029 biennium
- August 2026 – begin preparation for the June 30, 2026 valuation and accounting reports



Questions

Disclaimers

- This presentation is one of many documents comprising the June 30, 2025 actuarial valuation of the New Hampshire Retirement System. This presentation is intended to be used in conjunction with the funding actuarial valuation report issued March 20, 2026. This presentation should not be relied on for any purpose other than the purpose described in the valuation report.
- Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

Disclaimers

- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- Heidi Barry, Casey Ahlbrandt-Rains and Jeffrey Tebeau are independent of the plan sponsor, are Members of the American Academy of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

New Hampshire Retirement System

Actuarial Valuation Report
as of June 30, 2025





March 20, 2026

Board of Trustees
New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301-8507

Re: New Hampshire Retirement System Actuarial Valuation as of June 30, 2025

Dear Board Members:

The results of the June 30, 2025 Annual Actuarial Valuation of the New Hampshire Retirement System (NHRS) are presented in this report. The purposes of the valuation were:

- To measure the System's funding progress; and
- To calculate employer contribution rates for Fiscal Years 2028 and 2029.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report. This report should not be relied on for any purpose other than the purposes described above.

Calculations required for compliance with the Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68, as well as No. 74 and No. 75, have been issued in separate reports.

The contribution rates in this report are determined according to Statute RSA 100-A:16, 53, 53-b, 53-c, and 53-d using the actuarial assumptions and methods disclosed in Section E of this report. This report includes risk measures on pages 33 through 36, but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment. We recommend that the Board consider performing an analysis to assess risk related to investment and payroll.

The valuation was based upon information, furnished by NHRS staff, concerning Retirement System benefits, financial transactions, and active members, terminated members, retirees and beneficiaries as of June 30, 2025. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the data provided by NHRS. Detailed demographic information can be found in the "ACFR Schedules and GASB Statement Nos. 67 and 74 Plan Reporting and Accounting Schedules" report dated November 20, 2025.

The actuarial valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The actuarial assumptions are established by the Board after consulting with the actuary under New Hampshire Statute RSA 100-A:14 IX. Actuarial methods and assumptions were adopted by the Board pursuant to the 4-year actuarial experience study covering the period from July 1, 2019 to June 30, 2023. We believe that the assumptions and methods used in this report are reasonable and appropriate for the purposes for which they have been used. However, other assumptions and methods could also be reasonable and could result in materially different results. In addition, because it is not possible or practical to consider every possible contingency, we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial. The actuarial funding method is the Individual Entry Age Actuarial Cost Method, in compliance with NHRS State Statutes. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed.

We have assessed that the contribution rates calculated under the current funding policy are reasonable Actuarially Determined Employer Contributions (ADECs) and are consistent with the plan accumulating adequate assets to make benefit payments when due.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

We certify that the information contained in this report is accurate and fairly presents the actuarial position of the New Hampshire Retirement System as of June 30, 2025. The combined effect of the assumptions, excluding prescribed assumptions or methods set by law, is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable Statutes RSA 100-A:16, 100-A:53, 100-A:53-b, 100-A:53-c, and 100-A:53-d.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the economic and demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.



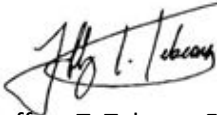
If there is other information that you need in order to make an informed decision regarding the matters discussed in this report, please contact us.

Heidi G. Barry, Jeffrey T. Tebeau and Casey T. Ahlbrandt-Rains are independent of the plan sponsors, are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Heidi G. Barry, ASA, FCA, MAAA



Jeffrey T. Tebeau, FSA, EA, FCA, MAAA



Casey T. Ahlbrandt-Rains, ASA, FCA, MAAA

HGB/JTT/CTA:sc

C2782



Table of Contents

		<u>Page</u>
Section A	Introduction	
	Highlights of the Actuarial Valuation	1
	Executive Summary	5
	Comments	23
Section B	Funding Results	
	Development of Employer Contribution Rates	27
	Development of Pension Actuarial Liabilities.....	29
	Pension Unfunded Actuarial Accrued Liability Payoff Projections	30
	Actuarial Balance Sheet	31
	Experience Gain/(Loss)	32
	Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution	33
	Plan Maturity Measures	34
	Summary of Risk Measures	36
	Low-Default-Risk Obligation Measure	37
	Pension Solvency Test	39
	Schedule of Pension Funding Progress	41
	Development of Pension Actuarial Liabilities, Amortization of UAAL, and Projection of UAAL Payoff by Division	42
	Determination of Medical Subsidy Unfunded Actuarial Accrued Liability.....	65
	Medical Subsidy Cash Flow Projections by Division	67
Section C	Fund Assets	
	Comparative Balance Sheet.....	71
	Reconciliation of System Assets.....	72
	Development of Actuarial Value of Assets.....	73
	Allocation of Assets	74
Section D	Participant Data	
	Active Members by Valuation Division	75
	Summary of Membership Data by Category.....	76
Section E	Methods and Assumptions	77
Section F	Glossary	104
Section G	Summary of Plan Provisions	107
Section H	Funding Policy	126
Appendix	Supplemental Data Schedules	134



SECTION A

INTRODUCTION

Highlights of the June 30, 2025 Actuarial Valuation

Employer Contribution Rates for the 2028/2029 Biennium

Computed Employer Contribution Rates as a Percent of Payroll*				
State Members				
	Employees	Teachers	Police	Fire
Pension	11.36%	N/A	27.48%	24.78%
Medical Subsidy	0.12%	N/A	1.50%	1.50%
Total	11.48%	N/A	28.98%	26.28%
Political Subdivision Members				
	Employees	Teachers	Police	Fire
Pension	11.36%	17.49%	25.21%	23.13%
Medical Subsidy	0.15%	0.77%	1.50%	1.50%
Total	11.51%	18.26%	26.71%	24.63%
Additional Contributions Attributable to the Adoption of HB 282 Paid by the State for Political Subdivision Members[^]				
	Employees	Teachers	Police	Fire
Pension	n/a	n/a	2.27%	1.65%

[^] The State shall pay the increase in the employer contribution rates attributable to the adoption of HB 282.

* The grand total contribution rates for NHRS (State and Political Subdivisions combined) are 16.19% of payroll for pension and 0.60% for the medical subsidy for a grand total of 16.79% of payroll.

The Pension Funded Ratio (Actuarial Value of Assets divided by the Actuarial Accrued Liability) for NHRS in total is 71.6%.

Changes to the System Included in the June 30, 2025 Actuarial Valuation

- 1) There were several changes adopted in the 2024 and 2025 Legislative sessions.
 - a. House Bill (HB) 282 modifies the Group II, Tier B members' retirement benefit provisions to restore some of the benefits for Group II, Tier B (Police and Fire) members that were reduced by changes enacted in 2011. Group II, Tier B includes members who were hired by July 1, 2011, but not vested by January 1, 2012. Key elements of the amendment are:
 - i. Changes the age and service requirements (see bullet two) and amends the definition of earnable compensation for members who were vested by January 1, 2013, and incrementally extends those changes to the remaining Group II, Tier B members over the next eight years.
 - ii. Reduces requirements for service retirement to age 45 with 20 years of creditable service from the current tiered system of ages 46 to 49 with 21 to 24 years of service, respectively, based on the phase-in schedule outlined in the bill.



- iii. Earnable Compensation will include payouts of accrued holiday and vacation pay as well as severance pay.
- iv. The maximum retirement benefit is increased to the lesser of 100% of average final compensation or \$145,000.
- v. Extends the 2.5% annuity multiplier to all years of creditable service once the member's vested by date becomes effective under the phase-in schedule outlined in the bill. The current multiplier ranges from 2.1% to 2.4% for the first 15 years of service, depending on Group II service accrued as of January 1, 2012, and 2.5% for creditable service beyond 15 years.
- vi. Members retiring prior to their respective applicable vested by date will not be eligible for the enhanced benefits established by HB 282.
- vii. The bill also prevents current retirees from obtaining the enhanced benefits by returning to service and re-retiring.

The state has appropriated \$14.5 million for the fiscal year ending June 30, 2026, and will appropriate \$27.5 million for each State fiscal year through 2034 to NHRS to fund the cost of benefits under this act. The bill also provides that the State will reimburse political subdivisions for employer contributions that are attributable to any increase in the employer contribution rate associated with these benefit enhancements. An appropriation of \$14.5 million was made by the State in July 2025. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2025 by this amount to offset the increase in actuarial accrued liabilities resulting from the benefit provision change.

- b. HB 2 amends the Violent Accidental Disability Retirement benefit (VADR) by limiting benefits to members who were physically incapacitated in a way likely to be permanent and excluding mental injuries from the eligibility definition. This bill also clarifies Group II membership in the retirement system for certain positions with the Department of Safety.
- c. House Bill (HB) 1647 modifies the Group II, Tier B members' retirement annuity multipliers. A member who retires under normal or ordinary disability retirement will receive a 2.5% multiplier for years of service in excess of 15 years. An appropriation of \$26 million was made by the State in FY 2025 for this benefit. This provision was partially funded by the State appropriation. The appropriation is approximately equal to the increase in the actuarial accrued liabilities associated with the increase in benefits. This benefit provision change was first reflected in the Statutory Funding results in the June 30, 2024 Combined ACFR and GASB 67-74 report. Unfunded actuarial accrued liabilities as of June 30, 2024 were reduced by this expected appropriation to offset the increase in actuarial accrued liabilities resulting from the benefit provision change.
- d. HB 1559 establishes a retirement system benefit for Group II members who retire due to a violent act injury. The Group II member shall receive a violent accidental disability retirement allowance equal to the member's earnable compensation during their last 12 months of active service at the date of the member's disability or an annual allowance of \$75,000, whichever is greater. In addition, all active Group II members are now eligible for a violent accidental disability medical subsidy benefit. The maximum medical subsidy amount payable by the retirement system for a member who retires with a violent accidental disability benefit who is not entitled to Medicare benefits, is increased to \$1,000 per month, and the maximum for those entitled to Medicare benefits, is increased to \$630.63 per month. This benefit provision change was first reflected in the Statutory Funding results in the June 30, 2024 Combined ACFR and GASB 67-74 report. The impact of this change was an increase in actuarial accrued pension liabilities of approximately \$8.2

million and a decrease in the pension funded status of 0.2% for Police. The impact shown is based on the assumption that 10% of Police and 0% of Fire accidental disabilities are the result of a violent act. We will review this assumption as experience emerges over time.

- e. HB 1307 grants a one-time payment of \$500 to retired members, or any beneficiaries of such members receiving a survivorship pension benefit, who retired on or before July 1, 2023, who are receiving an accidental disability retirement allowance, and who have an annual retirement allowance of no more than \$50,000. The one-time payment was made during State fiscal year 2025. An appropriation of \$423,000 was made by the State in FY 2025 for this benefit. This bill was terminally funded by the State, therefore, there is no financial impact on the NHRS for this bill.

2) There have been no changes in the actuarial methods.

Other Highlights

- 1) In total, plan experience between June 30, 2024 and June 30, 2025 was favorable for both pension and the medical subsidy on the basis of statutory funding. The dollar-weighted rate of return for the year ending June 30, 2025 was 10.3% on the market value of assets (Note: This dollar-weighted measure may differ from investment manager calculations and should not be used as a measure of investment performance.) On the basis of statutory funding, the rate of return for 2025 was 9.0% on the actuarial value of assets, resulting in a recognized asset gain of \$276 million (pension and medical subsidy combined). The return on the actuarial value of assets is less than the return on the market value of assets because some of this year’s market gain is deferred and losses from prior years are recognized this year. Investment experience over the two-year valuation cycle was favorable, as the recognized asset gains in 2024 of \$89 million are added to the recognized asset gains from 2025 of \$276 million. Plan experience as a whole was favorable for both the pension and the medical subsidy over the two-year period from July 1, 2023 through June 30, 2025. The primary source of actuarial gains over the two-year period were higher investment return on System assets compared to expectations. Please see page 32 for additional details.
- 2) Total covered payroll increased by 4.3% versus the assumed increase of 3.0% (2.5% for Teachers). Payroll growth was more than expected for all member classifications except Fire which was close to expected. We do not have sufficient information to make any adjustment to the data or liability and, therefore, used the data as reported.

Group	2025 Total Annual Average Payroll Growth	
	Expected	Actual
Employees	3.0%	5.5%
Teachers	2.5%	4.8%
Police	3.0%	6.3%
Fire	3.0%	2.8%

- 3) Between the 2024 and 2025 valuation, the pension-funded ratio increased by 3.0 percentage points (68.6% to 71.6%). Approximately 1.6 percentage points of the increase in the funded ratio is due to scheduled contributions, while the remaining increase is the result smoothed actuarial asset gains which were only partially offset by liability increases which resulted from benefit provision changes. See page 22 for more detail on changes in the funded ratio.
- 4) The medical subsidy benefits are effectively pay-as-you-go with total assets in the four sub-accounts equal to a year's total benefit payments. The market value of assets available to fund medical subsidy benefits increased from \$50.6 million as of June 30, 2024 to \$54.7 million as of June 30, 2025. See page 14 and Comment 6 on page 26.

Executive Summary

Pension

(\$ Amounts in Millions)

Valuation as of:	June 30, 2025	June 30, 2024
Membership		
Number of		
- Active members	48,542	48,989
- Retirees and Beneficiaries	45,554	45,330
- Inactive, vested	3,536	3,493
- Inactive, nonvested	22,138	20,159
Total	119,770	117,971
Assets		
Market value	\$ 13,393.3	\$ 12,289.9
Actuarial value	\$ 13,149.5	\$ 12,194.3
Return on market value	10.3%	8.7%
Return on actuarial value	9.0%	7.5%
Employer contributions	\$ 661.6	\$ 612.8
External cash flow %	(1.1%)	(1.4%)
Ratio of actuarial to market value	98.2%	99.2%
Expected State Appropriation*	\$ 14.5	\$ 26.0
Actuarial Information		
Actuarial accrued liability (AAL)	\$ 18,368.5	\$ 17,806.8
Unfunded actuarial accrued liability (UAAL)*	\$ 5,204.5	\$ 5,586.5
Funded Ratio	71.6%	68.6%
Gains/(losses) resulting from		
- Asset experience	\$ 275.3	\$ 88.7
- Liability experience	2.5	(301.3)
- Benefit changes (including exp. State Appropriation)	(83.9)	(8.2)
- Assumption/method changes	-	-
- Total	\$ 193.9	\$ (220.7)
GASB Information		
Total pension liability (TPL)	\$ 18,368.4	\$ 17,475.4
Net pension liability (NPL)	\$ 4,975.1	\$ 5,185.5
Plan fiduciary net position (PFNP) as a percentage of TPL	72.9%	70.3%

* An appropriation of \$14.5 million was paid in FY 2026 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 282. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2025 by this amount to offset some of the increase in actuarial accrued liabilities resulting from the benefit provision change.

An appropriation of \$26 million was paid in FY 2025 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 1647. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2024 by this expected appropriation to offset the increase in actuarial accrued liabilities resulting from the benefit provision change.



Executive Summary Pension

Covered Group	Employees	Teachers	Police	Fire	Total
I. Number of Participants as of June 30, 2025					
a. Actives	24,892	17,747	4,031	1,872	48,542
b. Retirees, Disabilities, and Beneficiaries ¹	22,182	16,334	4,984	2,054	45,554
c. Vested Terminations	1,827	1,465	186	58	3,536
d. Non-Vested Inactive Terminations	15,423	5,284	1,305	126	22,138
e. Total	64,324	40,830	10,506	4,110	119,770
f. Total Covered Annual Payroll	\$ 1,614,825,250	\$ 1,325,095,849	\$ 406,145,433	\$ 181,298,892	\$ 3,527,365,424
g. Ratio of Actives to Benefit Recipients	112%	109%	81%	91%	107%
II. Statutory Funding Information					
a. Actuarial Present Value of Projected Benefits	\$ 7,217,630,314	\$ 8,081,021,877	\$ 4,316,349,188	\$ 2,021,953,544	\$ 21,636,954,923
b. Actuarial Present Value of Future Normal Costs	1,125,838,410	1,175,193,037	635,439,302	332,022,722	3,268,493,471
c. Actuarial Accrued Liability (AAL): a. – b.	6,091,791,904	6,905,828,840	3,680,909,886	1,689,930,822	18,368,461,452
d. Actuarial Value of Assets	4,433,687,231	4,800,067,194	2,640,699,793	1,275,041,189	13,149,495,407
e. Expected State Appropriation for House Bill (HB) 282 ³	-	-	10,005,000	4,495,000	14,500,000
f. Unfunded Actuarial Accrued Liability (UAAL): c. – d. – e.	1,658,104,673	2,105,761,646	1,030,205,093	410,394,633	5,204,466,045
g. Funded Status: (d. + e.) / c.	72.8%	69.5%	71.9%	75.7%	71.6%
III. Additional Information on Payroll					
State	\$ 726,590,557	\$ -	\$ 120,410,757	\$ 2,956,332	\$ 849,957,646
Political Subdivisions	888,234,693	1,325,095,849	285,734,676	178,342,560	2,677,407,778
Total	\$ 1,614,825,250	\$ 1,325,095,849	\$ 406,145,433	\$ 181,298,892	\$ 3,527,365,424
IV. Contribution Rates for Fiscal Year 2028/2029 (% of Payroll)					
Member	7.00%	7.00%	11.55%	11.80%	
Employer ² (Including Health Subsidy)	11.50%	18.26%	28.98%	26.28%	

¹ Number counts for inactive plan members or beneficiaries currently receiving benefits include 4,014 additional data records which have resulted from additional annuities, survivor benefits, or members having benefits in more than one valuation group.

² Employer contribution rates are weighted averages of State and Political Subdivisions.

³ An appropriation of \$14.5 million was made by the State in FY 2026 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 282. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2025 by this amount to offset some of the increase in actuarial accrued liabilities resulting from the benefit provision change.



Executive Summary Medical Subsidy (\$ Amounts in Millions)

Valuation as of:	June 30, 2025	June 30, 2024
Membership		
Number of		
- Active members*	5,903	5,932
- Retirees and Beneficiaries	8,418	8,743
Total	14,321	14,675
Assets		
Market value	\$ 54.7	\$ 50.6
Actuarial value	\$ 53.7	\$ 50.3
Return on market value	10.3%	8.7%
Return on actuarial value	9.0%	7.5%
Employer contributions	\$ 37.3	\$ 36.4
External cash flow %	-1.1%	-1.4%
Ratio of actuarial to market value	98.2%	99.2%
Actuarial Information		
Actuarial accrued liability (AAL)	\$ 419.9	\$ 492.0
Unfunded actuarial accrued liability (UAAL)	\$ 366.2	\$ 441.7
Funded Ratio	12.8%	10.2%
Gains/(losses) resulting from		
- Asset experience	\$ 0.6	\$ 0.2
- Liability experience	51.2	(2.4)
- Benefit changes	-	(4.9)
- Assumption/method changes	-	-
	\$ 51.8	\$ (7.1)
GASB Information		
Total OPEB liability (TOL)	\$ 353.7	\$ 361.5
Net OPEB liability (NOL)	\$ 299.0	\$ 310.9
Plan fiduciary net position (PFNP) as a percentage of TOL	15.5%	14.0%

* House Bill 1559 expands the medical subsidy eligibility to all active members who may potentially become eligible for a benefit as a result of a violent act.

Executive Summary Medical Subsidy

Covered Group	State Employees	Political Subdivision Employees	Teachers	Police and Fire	Grand Total
I. Number of Participants Covered by Post Retirement Medical Subsidy as of June 30, 2025					
a. Actives*	-	-	-	5,903	5,903
b. Retirees, Disabilities, and Beneficiaries	1,081	847	3,527	2,963	8,418
c. Vested Terminations	-	-	-	-	-
d. Total	1,081	847	3,527	8,866	14,321
e. Total NHRS Covered Annual Payroll	\$ 726,590,557	\$ 888,234,693	\$ 1,325,095,849	\$ 587,444,325	\$ 3,527,365,424
II. Statutory Funding Information					
a. Actuarial Present Value of Projected Benefits	\$ 23,458,676	\$ 28,236,670	\$ 145,823,611	\$ 226,296,254	\$ 423,815,211
b. Actuarial Present Value of Future Normal Costs	-	-	-	3,908,583	3,908,583
c. Actuarial Accrued Liability (AAL): a. – b.	23,458,676	28,236,670	145,823,611	222,387,671	419,906,628
d. Valuation Assets	5,972,304	7,454,009	13,950,012	26,317,322	53,693,647
e. Unfunded Actuarial Accrued Liability (UAAL): c. – d.	17,486,372	20,782,661	131,873,599	196,070,349	366,212,981
f. Funded Status: d. / c.	25.5%	26.4%	9.6%	11.8%	12.8%

* House Bill 1559 expands the medical subsidy eligibility to all active members who may potentially become eligible for a benefit as a result of a violent act.



Executive Summary Contribution Rates

State Members

Covered Group	Employees	Teachers	Police	Fire	Total
Total Normal Cost (% of Payroll)	9.31%		17.27%	17.08%	10.45%
UAAL Contribution (% of Payroll)	9.05%		21.76%	19.50%	10.86%
Total Pension Contribution (% of Payroll)	18.36%		39.03%	36.58%	21.31%
Fiscal Year 2028					
Member Contributions (% of Payroll)	7.00%		11.55%	11.80%	7.65%
Employer Pension Contribution (% of Payroll)	11.36%		27.48%	24.78%	13.66%
Employer Medical Subsidy Contribution (% of Payroll)	0.12%		1.50%	1.50%	0.32%
Total Employer Contributions for Fiscal Year 2028					
1. Percent of Payroll	11.48%	N/A	28.98%	26.28%	13.98%
2. Projected Payroll for Fiscal Year	\$ 793,965,120		\$ 131,576,085	\$ 3,230,464	\$ 928,771,669
3. Projected Dollar Amount	\$ 91,147,196	N/A	\$ 38,130,749	\$ 848,966	\$ 130,126,911
Fiscal Year 2029					
Member Contributions (% of Payroll)	7.00%		11.55%	11.80%	7.65%
Employer Pension Contribution (% of Payroll)	11.36%		27.48%	24.78%	13.66%
Employer Medical Subsidy Contribution (% of Payroll)	0.12%		1.50%	1.50%	0.32%
Total Employer Contributions for Fiscal Year 2029					
1. Percent of Payroll	11.48%	N/A	28.98%	26.28%	13.98%
2. Projected Payroll for Fiscal Year	\$ 817,784,074		\$ 135,523,368	\$ 3,327,378	\$ 956,634,820
3. Projected Dollar Amount	\$ 93,881,612	N/A	\$ 39,274,672	\$ 874,435	\$ 134,030,719

Additional Contributions Paid by the State for Political Subdivision Members as a result of HB 282

Covered Group	Employees	Teachers	Police	Fire	Total
Fiscal Year 2028					
Total Employer Contributions for Fiscal Year 2028					
1. Percent of Payroll	N/A	N/A	2.27%	1.65%	0.24%
2. Projected Payroll for Fiscal Year	N/A	N/A	\$ 312,229,995	\$ 194,879,731	\$ 507,109,726
3. Projected Dollar Amount	N/A	N/A	\$ 7,087,621	\$ 3,215,516	\$ 10,303,137
Fiscal Year 2029					
Total Employer Contributions for Fiscal Year 2029					
1. Percent of Payroll	N/A	N/A	2.27%	1.65%	0.24%
2. Projected Payroll for Fiscal Year	N/A	N/A	\$ 321,596,895	\$ 200,726,123	\$ 522,323,018
3. Projected Dollar Amount	N/A	N/A	\$ 7,300,250	\$ 3,311,981	\$ 10,612,231



Executive Summary

Contribution Rates (Concluded)

Political Subdivision Members

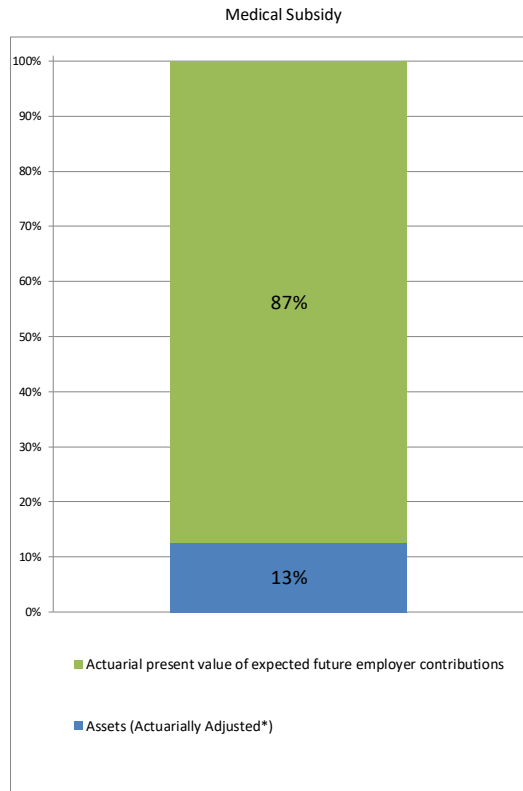
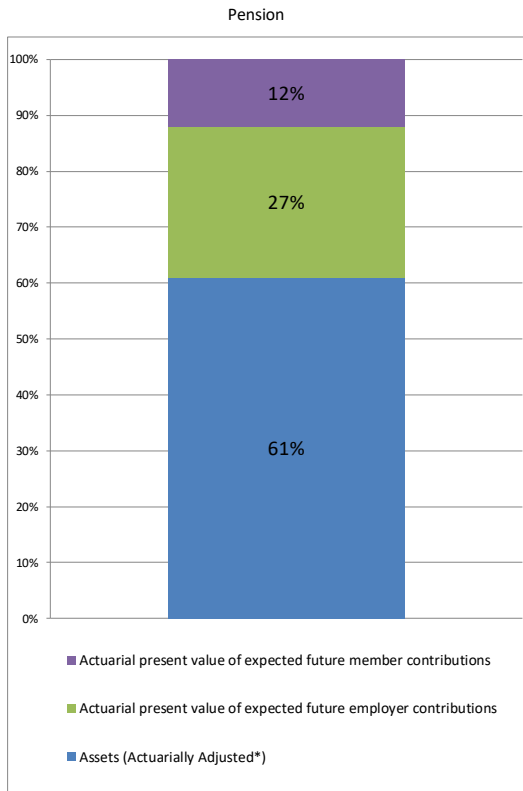
Covered Group	Employees	Teachers	Police	Fire	Total
Total Normal Cost (% of Payroll)	9.31%	9.78%	16.41%	16.54%	10.37%
UAAL Contribution (% of Payroll)	9.05%	14.71%	20.35%	18.39%	13.35%
Total Pension Contribution (% of Payroll)	18.36%	24.49%	36.76%	34.93%	23.72%
Fiscal Year 2028					
Member Contributions (% of Payroll)	7.00%	7.00%	11.55%	11.80%	7.53%
Employer Pension Contribution (% of Payroll)	11.36%	17.49%	25.21%	23.13%	16.19%
Employer Medical Subsidy Contribution (% of Payroll)	0.15%	0.77%	1.50%	1.50%	0.63%
Total Employer Contributions for Fiscal Year 2028					
1. Percent of Payroll	11.51%	18.26%	26.71%	24.63%	16.82%
2. Projected Payroll for Fiscal Year	\$ 970,598,031	\$ 1,426,983,297	\$ 312,229,995	\$ 194,879,731	\$ 2,904,691,054
3. Projected Dollar Amount	\$ 111,715,833	\$ 260,567,150	\$ 83,396,632	\$ 47,998,878	\$ 503,678,493
Fiscal Year 2029					
Member Contributions (% of Payroll)	7.00%	7.00%	11.55%	11.80%	7.53%
Employer Pension Contribution (% of Payroll)	11.36%	17.49%	25.21%	23.13%	16.19%
Employer Medical Subsidy Contribution (% of Payroll)	0.15%	0.77%	1.50%	1.50%	0.63%
Total Employer Contributions for Fiscal Year 2029					
1. Percent of Payroll	11.51%	18.26%	26.71%	24.63%	16.82%
2. Projected Payroll for Fiscal Year	\$ 999,715,972	\$ 1,462,657,879	\$ 321,596,895	\$ 200,726,123	\$ 2,984,696,869
3. Projected Dollar Amount	\$ 115,067,308	\$ 267,081,329	\$ 85,898,531	\$ 49,438,844	\$ 517,486,012

Total NHRS Members

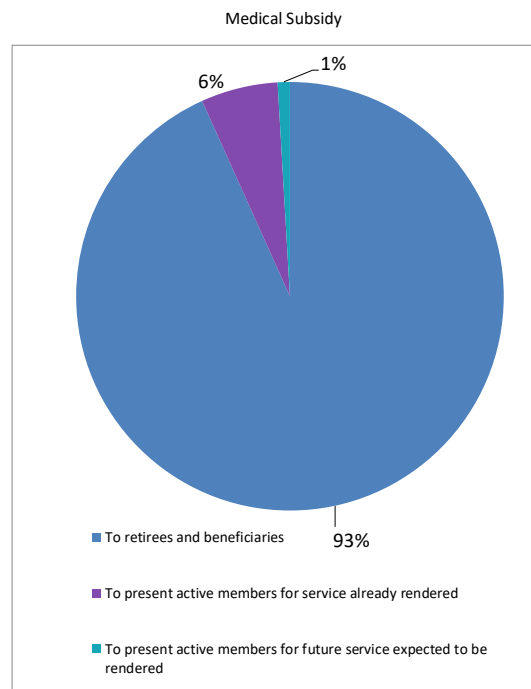
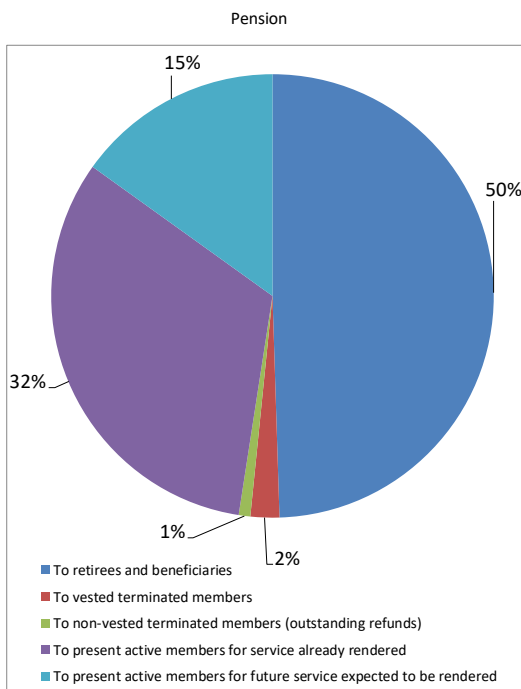
Covered Group	Employees	Teachers	Police	Fire	Total
Fiscal Year 2028					
1. Projected Payroll for Fiscal Year	\$ 1,764,563,151	\$ 1,426,983,297	\$ 443,806,080	\$ 198,110,195	\$ 3,833,462,723
2. Projected Employer Dollar Amount	\$ 202,863,029	\$ 260,567,150	\$ 128,615,002	\$ 52,063,360	\$ 644,108,541
Fiscal Year 2029					
1. Projected Payroll for Fiscal Year	\$ 1,817,500,046	\$ 1,462,657,879	\$ 457,120,263	\$ 204,053,501	\$ 3,941,331,689
2. Projected Employer Dollar Amount	\$ 208,948,920	\$ 267,081,329	\$ 132,473,453	\$ 53,625,260	\$ 662,128,962



Sources of Funds

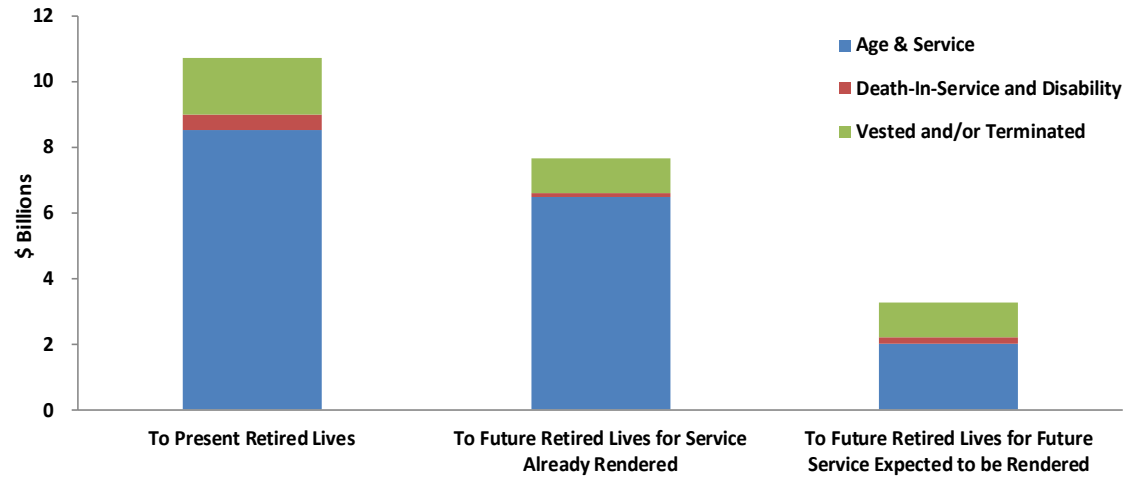


Uses of Funds

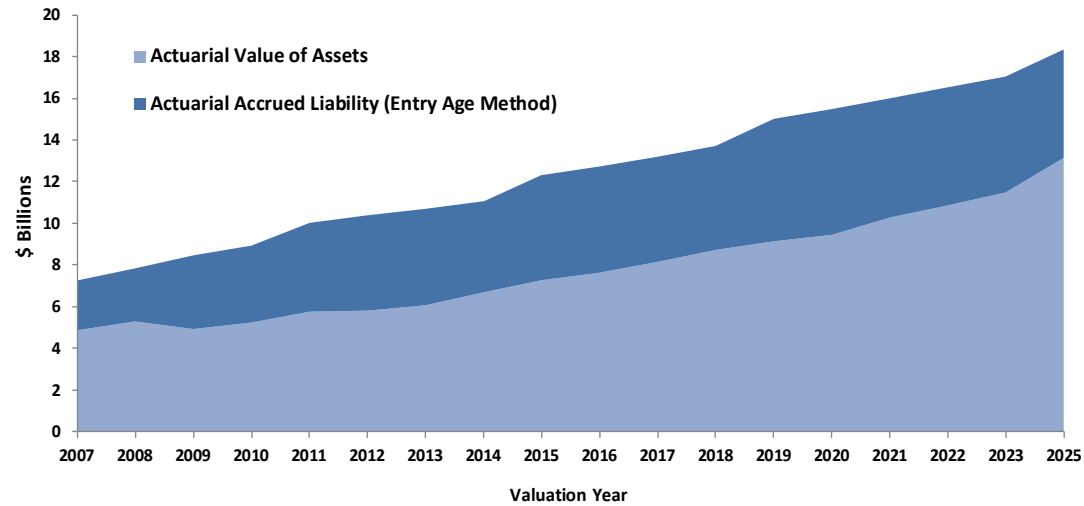


* Actuarial adjustment of market value of assets is based on the actuarial asset smoothing method. This adjustment will be negative when the market value of assets exceeds the actuarial value of assets. See page 73 for further details on asset smoothing.

Comparison of Pension Liabilities by Type



Historical Pension Funding Status



Results of the Valuation

Actuarial Valuation

This is the actuarial valuation of the New Hampshire Retirement System prepared as of June 30, 2025.

The primary purposes of this valuation report are to measure the plan's liabilities, to analyze changes in NHRS' actuarial position and to determine employer contribution rates.

Valuations for certifying contribution rates are prepared biennially, as of June 30 on the odd numbered years (2025, 2027, etc.). The June 30, 2025 actuarial valuation will establish the Fiscal Year 2028 and Fiscal Year 2029 employer contribution rates.

In addition, this report provides summaries of the member data, financial data, and actuarial assumptions and methods. Detailed information regarding member data and plan provisions can be found in the "ACFR Schedules and GASB Statement Nos. 67 and 74 Plan Reporting and Accounting Schedules" report dated November 20, 2025. Calculations required for compliance with the Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 75 have been issued in a separate report dated January 14, 2026.

Financing Objectives

NHRS is supported by member contributions, employer contributions, and net earnings on the investments of the fund. The member contribution rate is set by statute at 7.00% of member compensation for Group I Members (Employees and Teachers), 11.55% of member compensation for Police Members and 11.80% of member compensation for Fire Members. The employer contributions are determined in accordance with statute by an actuarial valuation. Legislation was enacted in 2007 which requires the use of the entry-age actuarial cost method and a closed 30-year amortization of unfunded actuarial accrued liability in the determination of the employer contributions. The legislature subsequently adopted the use of a layered amortization approach. The outstanding UAAL balance as of June 30, 2017 is referred to hereafter as the "Initial UAAL." The first layer will be the amortization of the Initial UAAL scheduled to be paid by 2039. New layers will be established as they occur in future biennial valuations and will be amortized over separate 20-year periods.

The Initial UAAL was projected forward and amortized over a closed period of 14 years beginning July 1, 2025, consistent with the 30-year amortization ending June 30, 2039 as established in the June 30, 2007 valuation. New layers for changes in liability are created in every rate setting valuation beginning with the June 30, 2019 valuation projected forward and amortized over a closed period of 20 years.

The closed amortization period means that the unfunded actuarial accrued liability is expected to be fully paid off by June 30, 2047 if all assumptions are met. The contribution rates set by this valuation are scheduled to come into effect beginning July 1, 2027. The total UAAL is expected to decrease each year beginning July 1, 2025, if all actuarial assumptions are met (see page 30).

Detailed amortization schedules for each member classification can be found on pages 42 through 62.



Employer Contribution Rates for the 2028/2029 Biennium

There are four pension member classifications: Employees, Teachers, Police and Fire. There are four separate 401(h) member classifications: State Employees, Political Subdivision Employees, Teachers and Police/Fire. The table below shows the pension and medical subsidy employer contribution rates for the FY 2028/2029 Biennium for each member classification.

Computed Employer Contribution Rates as a Percent of Payroll*				
State Members				
	Employees	Teachers	Police	Fire
Pension	11.36%	N/A	27.48%	24.78%
Medical Subsidy	0.12%	N/A	1.50%	1.50%
Total	11.48%	N/A	28.98%	26.28%
Political Subdivision Members				
	Employees	Teachers	Police	Fire
Pension	11.36%	17.49%	25.21%	23.13%
Medical Subsidy	0.15%	0.77%	1.50%	1.50%
Total	11.51%	18.26%	26.71%	24.63%
Additional Contributions Attributable to the Adoption of HB 282 Paid by the State for Political Subdivision Members[^]				
	Employees	Teachers	Police	Fire
Pension	n/a	n/a	2.27%	1.65%

[^] The State shall pay the increase in the employer contribution rates attributable to the adoption of HB 282.

* The grand total contribution rates for NHRS (State and Political Subdivisions combined) are 16.19% of payroll for pension and 0.60% for the medical subsidy for a grand total of 16.79% of payroll.

Medical Subsidy

The State Employees' account is projected to reach pay-as-you-go status in the fiscal year ending June 30, 2036. This is six years later than the projection in the prior rate-setting valuation.

The Political Subdivision Employees' account is projected to reach pay-as-you-go status in the fiscal year ending June 30, 2035. This is two years later than the projection in the prior rate-setting valuation.

The Teachers account is projected to reach pay-as-you-go status in the fiscal year ending June 30, 2032. This is one year later than the projection in the prior rate-setting valuation.

The Police/Fire account is projected to reach pay-as-you-go status in the fiscal year ending June 30, 2036. This is three years later than the projection in the prior rate-setting valuation.

The medical subsidy contribution rates shown above are the computed amounts needed for pay-as-you-go financing of the retiree medical subsidy with a 20% margin (50% for Teachers) for adverse experience by June 30, 2029 and to maintain that margin thereafter. It is imperative that NHRS monitor collections closely to ensure the necessary funds are collected to provide the benefit.



History of Certified Contribution Rates

Pension

Fiscal Year Ending	Employer Contribution Rates				
	Employees	Teachers	Police	Fire	Total
2010	9.09%	9.38%	17.34%	22.52%	10.70%
2011	9.09%	9.38%	17.34%	22.52%	10.70%
July 1, 2011 - July 30, 2011	10.71%	11.51%	22.92%	28.25%	13.11%
Aug 1, 2011 - June 30, 2012	8.48%	8.99%	15.98%	18.92%	9.97%
2013	8.48%	8.99%	15.98%	18.92%	9.97%
2014-2015#	10.44%	11.96%	21.35%	23.79%	12.79%
2016-2017	10.86%	12.72%	22.54%	25.32%	13.55%
2018-2019	11.08%	15.70%	25.33%	27.79%	15.27%
2020-2021	10.88%	15.99%	24.77%	26.43%	15.17%
2022-2023	13.75%	19.48%	30.67%	29.78%	18.67%
2024-2025	13.27%	18.51%	28.68%	27.75%	17.79%
2026-2027	12.53%	18.28%	28.72%	26.92%	17.27%
2028-2029	11.36%	17.49%	25.21%	23.13%	15.95%

Fiscal Year Ending	Employer Contribution Rates Attributable to HB 282 [@]				
	Employees	Teachers	Police	Fire	Total
2028-2029	N/A	N/A	2.27%	1.65%	0.24%

Fiscal Year Ending	Employer Dollars (\$ Millions)*				
	Employees	Teachers	Police	Fire	Total [^]
2010	\$ 101.2	\$ 97.1	\$ 46.4	\$ 25.0	\$ 269.7
2011	103.5	98.0	46.9	26.2	274.6
2012	94.4	93.5	44.5	22.2	254.6
2013	91.7	92.9	43.2	22.0	249.8
2014	115.5	126.1	58.9	27.9	328.4
2015	118.3	124.2	61.1	28.7	332.3
2016	124.6	136.4	65.6	30.9	357.5
2017	129.1	138.6	66.9	32.0	366.6
2018	134.7	174.6	77.6	35.8	422.7
2019	138.5	178.3	80.6	37.0	434.4
2020	139.8	187.6	81.0	36.6	445.0
2021	143.0	192.5	83.9	39.8	459.2
2022	185.8	240.2	107.3	45.7	579.0
2023	202.0	251.7	139.7	61.6	655.1
2024	206.5	245.5	112.7	48.1	612.8
2025	218.2	247.7	137.9	57.7	661.6
2026	208.4	248.3	120.1	50.3	627.1
2027	214.7	254.5	123.7	51.8	644.7
2028	200.5	249.6	122.0	49.1	621.1
2029	206.5	255.8	125.6	50.6	638.4

* Dollar amounts for 2026 and beyond are estimated. The total rate as a percent of payroll will vary over the projection period as different payroll growth assumptions apply.

Rates shown are for Political Subdivision. Rates for State are 10.51%, 21.45% and 23.90% for Employees, Police and Fire, respectively.

[^] Totals may not add due to rounding.

[@] The State shall pay the increase in the employer contribution rates attributable to the adoption of HB 282.



History of Certified Contribution Rates (Continued)

Medical Subsidy

Employer Contribution Rates					
Fiscal Year Ending	State	Employees			Total
	Employees	Political Sub	Teachers	Police & Fire	
2010	3.03%	0.00%	1.32%	2.17%	1.47%
2011	3.03%	0.00%	1.32%	2.17%	1.47%
July 1, 2011 - July 30, 2011	1.60%	0.38%	2.44%	2.65%	1.82%
Aug 1, 2011 - June 30, 2012	1.60%	0.32%	2.31%	3.97%	1.95%
2013	1.60%	0.32%	2.31%	3.97%	1.95%
2014-15	1.62%	0.33%	2.20%	3.95%	1.90%
2016-17	1.64%	0.31%	2.95%	3.84%	2.21%
2018-19	1.07%	0.30%	1.66%	4.10%	1.60%
2020-21	1.05%	0.29%	1.81%	3.66%	1.58%
2022-23	0.78%	0.31%	1.54%	3.21%	1.36%
2024-25	0.58%	0.26%	1.13%	2.60%	1.05%
2026-27	0.34%	0.22%	0.95%	2.23%	0.85%
2028-29	0.12%	0.15%	0.77%	1.50%	0.60%

Employer Dollars (\$ Millions)*					
Fiscal Year Ending	State	Employees			Total [^]
	Employees	Political Sub	Teachers	Police & Fire	
2010	\$ 10.4	\$ 0.4	\$ 13.6	\$ 8.1	\$ 32.6
2011	10.3	0.4	13.8	8.4	32.9
2012	8.3	1.9	24.0	14.7	48.9
2013	8.8	1.9	23.8	15.3	49.8
2014	8.2	2.0	23.3	15.4	48.9
2015	8.6	1.8	22.6	16.0	49.0
2016	8.6	1.9	31.8	15.9	58.2
2017	8.9	2.0	32.0	16.2	59.1
2018	6.0	2.0	18.4	17.8	44.2
2019	6.2	2.0	18.8	18.5	45.5
2020	6.2	2.0	21.2	17.0	46.4
2021	6.3	2.1	21.8	17.9	48.1
2022	4.7	2.3	18.9	16.2	42.1
2023	5.0	2.4	19.6	16.6	43.6
2024	4.2	2.1	14.8	15.3	36.4
2025	4.2	2.4	15.1	15.5	37.2
2026	2.5	2.0	12.9	13.5	30.9
2027	2.6	2.1	13.2	13.9	31.8
2028	1.0	1.5	11.0	9.6	23.1
2029	1.0	1.5	11.3	9.9	23.7

* Dollar amounts for 2026 and beyond are estimated. The total rate as a percent of payroll will vary over the projection period as different payroll growth assumptions apply.

[^] Totals may not add due to rounding.



History of Certified Contribution Rates (Concluded)

Member Contributions

Fiscal Year Ending	Member Contribution Rates				
	Employees	Teachers	Police	Fire	Total
2010	5.00%	5.00%	9.30%	9.30%	5.64%
2011	5.00%	5.00%	9.30%	9.30%	5.64%
2012	7.00%	7.00%	11.55%	11.80%	7.69%
2013	7.00%	7.00%	11.55%	11.80%	7.69%
2014-15	7.00%	7.00%	11.55%	11.80%	7.69%
2016-17	7.00%	7.00%	11.55%	11.80%	7.71%
2018-19	7.00%	7.00%	11.55%	11.80%	7.71%
2020-21	7.00%	7.00%	11.55%	11.80%	7.72%
2022-23	7.00%	7.00%	11.55%	11.80%	7.73%
2024-25	7.00%	7.00%	11.55%	11.80%	7.74%
2026-27	7.00%	7.00%	11.55%	11.80%	7.74%
2028-29	7.00%	7.00%	11.55%	11.80%	7.77%

Fiscal Year Ending	Member Dollars (\$ Millions)*				
	Employees	Teachers	Police	Fire	Total [^]
2010	\$ 59.6	\$ 54.2	\$ 25.4	\$ 10.2	\$ 149.5
2011	59.3	56.2	26.2	10.7	152.4
2012	80.5	75.0	30.7	13.4	199.6
2013	77.8	74.1	31.0	13.7	196.5
2014	78.9	74.7	31.8	13.7	199.0
2015	81.7	74.8	33.4	14.2	204.1
2016	82.7	76.7	34.0	14.6	208.0
2017	85.4	78.0	34.7	15.0	213.1
2018	87.1	79.3	35.9	15.2	217.5
2019	89.8	81.1	37.2	15.9	224.0
2020	91.2	83.3	38.6	16.5	229.7
2021	93.5	85.3	40.0	18.1	236.9
2022	96.8	87.8	41.2	18.2	244.0
2023	101.3	90.9	43.3	19.2	254.7
2024	108.3	93.6	46.0	20.6	268.5
2025	115.3	93.5	47.8	21.5	278.1
2026	116.4	95.1	48.3	22.0	281.8
2027	119.9	97.5	49.8	22.7	289.9
2028	123.5	99.9	51.3	23.4	298.1
2029	127.2	102.4	52.8	24.1	306.5

* Dollar amounts for 2026 and beyond are estimated. The total rate as a percent of payroll will vary over the projection period as different payroll growth assumptions apply.

[^] Totals may not add due to rounding.



Funded Status

As of the valuation date, the Unfunded Actuarial Accrued Liability (UAAL) is \$5,204.5 million (pension only), and the funded ratio (the ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability) is 71.6% (pension only). This valuation was prepared using the Entry-Age Actuarial Cost Method. For comparison, the funded ratio as of June 30, 2024 was 68.6% (pension only).

The funded status measure is not appropriate for assessing the sufficiency of assets to cover the estimated cost of settling the Plan's benefit obligation. The funded status is appropriate for assessing the need for additional UAAL contributions. The funded status on the basis of the market value of assets would be 73.0%.

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary from year-to-year.

The level percent of payroll amortization of the UAAL assumes that the plan will remain open to new hires, that the size of the covered active population will remain constant, and that the covered payroll will grow at 3.00% per year (2.50% for Teachers). To the extent that this does not occur, there may be variability in future contribution rates.

Headcount growth for Teachers was analyzed as part of the review process in the experience study. The continued assumption of (0.50)% per year was recommended. After a decade of fluctuating membership, the Teachers headcount as of 2025 is approximately at the same level as 2015 (about 0.1% higher). Observing the most recent 3-year period shows an average annual decrease of just under 1%. The student population in New Hampshire is continuing to decline as well. We believe it is still reasonable to assume a decline in the Teacher population. This assumption will continue to be monitored in future valuations and changes, if necessary, will be recommended as part of the next experience study.

Actuarial Value of Assets

The Market Value of Assets of the System totaling approximately \$13.45 billion is greater than the Actuarial Value of Assets of \$13.20 billion by about \$245 million as of the valuation date (see page 73). This difference will be gradually recognized over the next four years.

The dollar-weighted rate of return for the year ending June 30, 2025 was 10.3% on the market value of assets. (Note: This dollar-weighted measure may differ from investment manager calculations and should not be used as a measure of investment performance.) The recognized dollar-weighted rate of return on the actuarial value of assets was 9.0% for the year ending June 30, 2025.

Please see Section C for additional asset information.



Actuarial Assumptions

Normal cost rates from the first year of the rate setting biennium are projected forward to better reflect the impact of the changing benefit tiers and generational mortality. This method for determining the normal cost was first used for the June 30, 2015 valuation.

Interest rate and wage inflation assumptions are 6.75% and 3.0%, respectively.

A complete description of the assumptions used in the valuation is in Section E.

We believe that the actuarial assumptions contained in this report are reasonable under the Actuarial Standards of Practice and in compliance with the NHRS Statutes.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates, and amortization periods.

Actuarial Funding Methods

The method for determining the UAAL contribution was updated to include layers of increases or decreases in liability to be amortized over a closed period of no more than 20 years. The Initial UAAL was projected forward and amortized over a closed period of 14 years beginning July 1, 2025. New layers for changes in liability are created in every rate setting valuation beginning with the June 30, 2019 valuation projected forward and amortized over a closed period of 20 years.

Solvency rates for medical subsidy benefits are set such that a specified margin is established by the end of the biennium and for all future years thereafter. The margin is intended to mitigate the risk of insolvency due to adverse experience. No change to the margin requirement of 20% (50% for Teachers) was made in this valuation.

Benefit Changes

There were several changes adopted in the 2024 and 2025 Legislative sessions.

- a. House Bill (HB) 282 modifies the Group II, Tier B members' retirement benefit provisions to restore some of the benefits for Group II, Tier B (Police and Fire) members that were reduced by changes enacted in 2011. Group II, Tier B includes members who were hired by July 1, 2011, but not vested by January 1, 2012. Key elements of the amendment are:
 - i. Changes the age and service requirements (see bullet two) and amends the definition of earnable compensation for members who were vested by January 1, 2013, and incrementally extends those changes to the remaining Group II, Tier B members over the next eight years.
 - ii. Reduces requirements for service retirement to age 45 with 20 years of creditable service from the current tiered system of ages 46 to 49 with 21 to 24 years of service, respectively, based on the phase-in schedule outlined in the bill.
 - iii. Earnable Compensation will include payouts of accrued holiday and vacation pay as well as severance pay.



- iv. The maximum retirement benefit is increased to the lesser of 100% of average final compensation or \$145,000.
- v. Extends the 2.5% annuity multiplier to all years of creditable service once the member's vested by date becomes effective under the phase-in schedule outlined in the bill. The current multiplier ranges from 2.1% to 2.4% for the first 15 years of service, depending on Group II service accrued as of January 1, 2012, and 2.5% for creditable service beyond 15 years.
- vi. Members retiring prior to their respective applicable vested by date will not be eligible for the enhanced benefits established by HB 282.
- vii. The bill also prevents current retirees from obtaining the enhanced benefits by returning to service and re-retiring.

The state has appropriated \$14.5 million for the fiscal year ending June 30, 2026, and will appropriate \$27.5 million for each State fiscal year through 2034 to NHRS to fund the cost of benefits under this act. The bill also provides that the State will reimburse political subdivisions for employer contributions that are attributable to any increase in the employer contribution rate associated with these benefit enhancements. An appropriation of \$14.5 million was made by the State in July 2025. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2025 by this amount to offset the increase in actuarial accrued liabilities resulting from the benefit provision change.

- b. HB 2 amends the Violent Accidental Disability Retirement benefit (VADR) by limiting benefits to members who were physically incapacitated in a way likely to be permanent and excluding mental injuries from the eligibility definition. This bill also clarifies Group II membership in the retirement system for certain positions with the Department of Safety.
- c. House Bill (HB) 1647 modifies the Group II, Tier B members' retirement annuity multipliers. A member who retires under normal or ordinary disability retirement will receive a 2.5% multiplier for years of service in excess of 15 years. An appropriation of \$26 million was made by the State in FY 2025 for this benefit. This provision was partially funded by the State appropriation. The appropriation is approximately equal to the increase in the actuarial accrued liabilities associated with the increase in benefits. This benefit provision change was first reflected in the Statutory Funding results in the June 30, 2024 Combined ACFR and GASB 67-74 report. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2024 by this expected appropriation to offset the increase in actuarial accrued liabilities resulting from the benefit provision change.

- d. HB 1559 establishes a retirement system benefit for Group II members who retire due to a violent act injury. The Group II member shall receive a violent accidental disability retirement allowance equal to the member's earnable compensation during their last 12 months of active service at the date of the member's disability or an annual allowance of \$75,000, whichever is greater. In addition, all active Group II members are now eligible for a violent accidental disability medical subsidy benefit. The maximum medical subsidy amount payable by the retirement system for a member who retires with a violent accidental disability benefit who is not entitled to Medicare benefits, is increased to \$1,000 per month, and the maximum for those entitled to Medicare benefits, is increased to \$630.63 per month. This benefit provision change was first reflected in the Statutory Funding results in the June 30, 2024 Combined ACFR and GASB 67-74 report. The impact of this change was an increase in actuarial accrued pension liabilities of approximately \$8.2 million and a decrease in the pension funded status of 0.2% for Police. The impact shown is based on the assumption that 10% of Police and 0% of Fire accidental disabilities are the result of a violent act. We will review this assumption as experience emerges over time.

- e. HB 1307 grants a one-time payment of \$500 to retired members, or any beneficiaries of such members receiving a survivorship pension benefit, who retired on or before July 1, 2023, who are receiving an accidental disability retirement allowance, and who have an annual retirement allowance of no more than \$50,000. The one-time payment was made during State fiscal year 2025. An appropriation of \$423,000 was made by the State in FY 2025 for this benefit. This bill was terminally funded by the State, therefore, there is no financial impact on the NHRS for this bill.

Summary of Changes from June 30, 2024 to June 30, 2025 (\$ in Millions)

	Pension				
	Employees	Teachers	Police	Fire	Total
Reconciliation of UAAL					
Expected	\$1,777.9	\$2,183.9	\$ 1,032.6	\$418.5	\$5,412.9
Impact of Asset (Gain)Loss	(92.8)	(98.9)	(56.1)	(27.4)	(275.2)
Impact of Liability (Gain)Loss	(27.0)	20.8	1.9	1.7	(2.6)
Impact of Plan Change	0.0	0.0	61.8	22.1	83.9
Impact of Method Change	0.0	0.0	0.0	0.0	0.0
Impact of Assumption Change	0.0	0.0	0.0	0.0	0.0
Impact of Expected State Appropriation for HB 282 [#]	0.0	0.0	(10.0)	(4.5)	(14.5)
Total	\$1,658.1	\$2,105.8	\$1,030.2	\$410.4	\$5,204.5
Funded %					
Prior Valuation	69.0 %	66.5 %	69.9 %	73.4 %	68.6 %
Expected Change	1.9 %	1.8 %	1.1 %	1.1 %	1.6 %
Impact of Gain(Loss)	1.9 %	1.2 %	2.4 %	2.3 %	1.8 %
Impact of Plan Change	0.0 %	0.0 %	(1.5)%	(1.1)%	(0.4)%
Impact of Method Change	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Impact of Assumption Change	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total	72.8 %	69.5 %	71.9 %	75.7 %	71.6 %
Reconciliation of Employer Contribution Rate *					
State Employees					
Prior Rate-Setting Valuation	12.53 %		28.72 %	26.92 %	14.67 %
Impact of (Gain)Loss	(1.17)%		(3.75)%	(4.09)%	(1.55)%
Impact of Plan Change	0.00 %		2.51 %	1.95 %	0.36 %
Impact of Method Change	0.00 %		0.00 %	0.00 %	0.00 %
Impact of Assumption Change	0.00 %		0.00 %	0.00 %	0.00 %
Total	11.36 %		27.48 %	24.78 %	13.66 %
Political Subdivision Employees					
Prior Rate Setting Valuation	12.53 %	18.28 %	28.72 %	26.92 %	18.07 %
Impact of (Gain)Loss	(1.17)%	(0.79)%	(3.75)%	(4.09)%	(1.45)%
Impact of Plan Change	0.00 %	0.00 %	0.24 %	0.30 %	0.05 %
Impact of Method Change	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Impact of Assumption Change	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Total	11.36 %	17.49 %	25.21 %	23.13 %	16.19 %
Medical Subsidy					
	State Employees	Political Subdivision Employees	Teachers	Police & Fire	Total
Reconciliation of UAAL					
Expected	\$18.6	\$25.0	\$134.1	\$240.3	\$418.0
Impact of Asset (Gain)Loss	(0.1)	(0.1)	0.0	(0.4)	(0.6)
Impact of Liability (Gain)Loss	(1.0)	(4.1)	(2.2)	(43.8)	(51.2)
Impact of Plan Change	0.0	0.0	0.0	0.0	0.0
Impact of Method Change	0.0	0.0	0.0	0.0	0.0
Impact of Assumption Change	0.0	0.0	0.0	0.0	0.0
Total	\$17.5	\$20.8	\$131.9	\$196.1	\$366.2
Reconciliation of Employer Contribution Rate *					
Prior Rate Setting Valuation	0.34 %	0.22 %	0.95 %	2.23 %	0.85 %
Impact of (Gain)Loss	(0.22)%	(0.07)%	(0.18)%	(0.76)%	(0.25)%
Impact of Plan Change	0.00 %	0.00 %	0.00 %	0.03 %	0.00 %
Impact of Method Change	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Impact of Assumption Change	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Total	0.12 %	0.15 %	0.77 %	1.50 %	0.60 %

* Reconciliation of employer rates is from the prior rate-setting actuarial valuation as of June 30, 2023.

The pension funded percent of 71.6% is the ratio of the actuarial value of assets to the actuarial accrued liability for NHRS in total. That ratio is 73.0% based on market value of assets.

The funded percent is appropriate for assessing the need for future contributions, but does not give an indication for the amount of such contributions. The funded percent is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the Plan's benefit obligations.



Comments

Comment 1

In total, plan experience between June 30, 2024 and June 30, 2025 was favorable for both pension and the medical subsidy on the basis of statutory funding. The dollar-weighted rate of return for the year ending June 30, 2025 was 10.3% on the market value of assets. (Note: This dollar-weighted measure may differ from investment manager calculations and should not be used as a measure of investment performance.) On the basis of statutory funding, the rate of return was 9.0% on the actuarial value of assets, resulting in a recognized asset gain of \$276 million (pension and medical subsidy combined). The return on the actuarial value of assets is less than the return on the market value of assets because some of this year's market gain is deferred and losses from prior years are recognized this year.

Overall, the System (pension and medical subsidy) had a gain of \$330 million comprised of an asset gain of \$276 million and a liability gain of \$54 million. Additional information on gains and losses is on pages 22 and 32.

Between the 2024 and 2025 valuations, the pension funded ratio increased by 3.0 percentage points from 68.6% to 71.6%. Note that the funded ratio is expected to increase each year with the receipt of contributions to fund the UAAL. Approximately 1.6% of the increase in the funded ratio is due to scheduled contributions, while the remaining increase is the result smoothed actuarial asset gains which were only partially offset by liability increases which resulted from benefit provision changes.

The contribution for the unfunded actuarial accrued liability is designed to be a level percent of payroll with closed layered amortization periods ranging from 12-20 years in the 2028 Fiscal Year. Medical Subsidy contribution rates are expected to decline as the covered population diminishes. There are currently unrecognized asset gains which will put downward pressure on the rates to the extent that future market experience meets expectations.

Comment 2

There were no changes in actuarial assumptions or methods in this valuation.

Comment 3

Prior to June 30, 2007, the statutory funding method did not report a funded status nor did it report that assets were below the retiree liability. As of June 30, 2025, there were 92% of assets needed to cover retiree pension liabilities, as shown in the table on page 39. The assets in the plan are not sufficient to cover current retiree liabilities and the ratio of retiree benefit payroll to the market value of assets is 12.9; this means that approximately 13 years of current retiree benefit payments can be paid from current assets if all assumptions are met and ignoring future contributions. The ability to make such payments beyond that period is heavily dependent upon future contributions and future investment return.

Comment 4

The general expectation, if all assumptions are met, is that future pension contribution rates will decline as new hires with lower normal cost replace those hired before July 1, 2011 with higher normal cost. Rates of employer normal cost by tier for each valuation group are discussed below.

Members hired before or after July 1, 2011 will have varying rates of normal cost depending on applicable benefit provisions and varying demographics among the groups. The average normal cost rates as of June 30, 2025 for members in various tiers are shown below:

Employer Normal Cost by Tier				
Tier	Employees	Teachers	Police	Fire
A - Vested at 1/1/12	2.19%	3.00%	12.85%	11.95%
B - Hired Pre-2011	2.40%	3.00%	12.10%	10.17%
C - Hired Post-2011	2.31%	2.64%	3.32%	2.61%

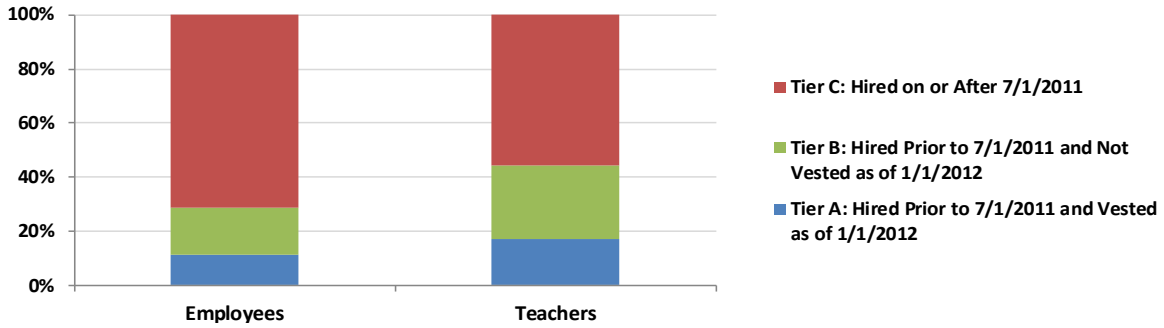
The total normal cost for the active populations of the four member classifications is expected to trend each year towards the rates for new hires. Normal cost is expected to increase each year with generational mortality. Note that the group of those hired on and after July 1, 2011 is approximately 65% of the total active population. There may be fluctuations in the normal cost rate for these members over the next few years which should level out over time as the group grows.

Note that the normal cost rate as a percent of payroll is a result of benefit levels and demographic characteristics. In particular, difference in relative levels of Entry Age Normal Cost between the groups are driven by the age of a member when active service was commenced. For example, if the differences in age at service commencement are great enough, higher entry ages among members in a group with lower benefit multipliers can result in a higher normal cost as a percent of payroll than a group with higher benefits, but lower average entry age.

The tables and charts on the following page show the proportion of the active member population by benefit structure for each of the four member classifications.

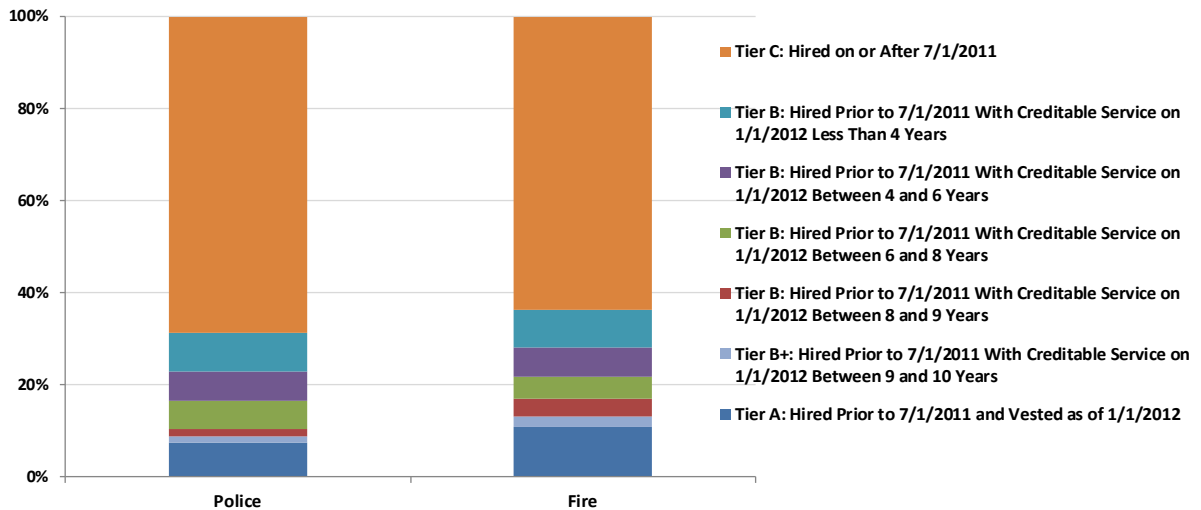
Proportion of Active Population by Benefit Structure as of June 30, 2025 – Group I

	<u>Employees</u>	<u>Teachers</u>
Tier A: Hired Prior to 7/1/2011 and Vested as of 1/1/2012	2,789	3,002
Tier B: Hired Prior to 7/1/2011 and Not Vested as of 1/1/2012	4,390	4,859
Tier C: Hired on or After 7/1/2011	17,713	9,886
Total	24,892	17,747



Proportion of Active Population by Benefit Structure as of June 30, 2025 – Group II

	<u>Police</u>	<u>Fire</u>
Tier A: Hired Prior to 7/1/2011 and Vested as of 1/1/2012	293	202
Tier B+: Hired Prior to 7/1/2011 With Creditable Service on 1/1/2012 Between 9 and 10 Years	59	43
Tier B: Hired Prior to 7/1/2011 With Creditable Service on 1/1/2012 Between 8 and 9 Years	67	70
Tier B: Hired Prior to 7/1/2011 With Creditable Service on 1/1/2012 Between 6 and 8 Years	244	93
Tier B: Hired Prior to 7/1/2011 With Creditable Service on 1/1/2012 Between 4 and 6 Years	262	116
Tier B: Hired Prior to 7/1/2011 With Creditable Service on 1/1/2012 Less Than 4 Years	338	155
Tier C: Hired on or After 7/1/2011	2,768	1,193
Total	4,031	1,872



Comment 5

Recognition of Experience Gains and Losses in Layered Amortization of UAAL

The UAAL layers projected to June 30, 2025 were determined in the June 30, 2023 actuarial funding valuation. These projected amounts are used to calculate the change in UAAL resulting from System experience for the purposes of determining the layered UAAL contributions (pages 42, 45, 50, 55 and 60), and deviates slightly from year-to-year calculations of expected UAAL used to measure gains and losses. Gains and losses established for the basis of this calculation will, in total, differ from the sum of the 2024 and 2025 aggregate gains and losses shown on page 32.

Comment 6

June 30, 2025 Medical Subsidy Contribution Rates

Medical Subsidy benefits continue to warrant close monitoring. As required by the statutes, the objective is to contribute the minimum amount necessary to maintain assets sufficient to pay medical subsidy benefits in each of the four sub-accounts. Given the absence of assets from prior pre-funding (as exists for pension benefits), medical subsidy benefits payable in the future will be largely funded by future employer contributions. However, employer contributions toward medical subsidy benefits are subject to certain limitations as defined in IRC Section 401(h), which are administered by the System.

In addition, year-to-year deviations between actual contributions and benefits and projected contributions and benefits are more problematic with regard to medical subsidy funding than pension funding due to the lack of significant assets for medical subsidy benefits and the lag between the setting of the rates and the collection of contributions.

Contributions are determined assuming that each subaccount maintains at least a 20% margin (50% for Teachers) for every future year, starting at the end of the 2028-2029 biennium.

For purposes of determining the contribution rates for the 2028-2029 biennium as shown on page 1, we have assumed that benefits for all members receiving a benefit on the valuation date and those Group I eligible members not yet age 60 get paid. In addition, there is a significant number of eligible members who are not receiving benefits, particularly for Group I. 25% of those who opted-out of receiving benefits are assumed to opt-back in on the valuation date.

SECTION B

FUNDING RESULTS

Development of Employer Contribution Rates State Employees

Employer Subgroup:	Employees	Teachers	Police	Fire	Total
Normal Cost					
Age and Service Retirement	5.14%		11.02%	13.49%	5.98%
Termination	3.28%		3.61%	1.40%	3.33%
Death-in-Service	0.17%		0.28%	0.32%	0.19%
Disability	0.37%		2.01%	1.52%	0.60%
Expenses	<u>0.35%</u>		<u>0.35%</u>	<u>0.35%</u>	<u>0.35%</u>
Total	9.31%		17.27%	17.08%	10.45%
UAAL Payment*	<u>9.05%</u>		<u>21.76%</u>	<u>19.50%</u>	<u>10.86%</u>
Total Pension Contribution	18.36%		39.03%	36.58%	21.31%
Fiscal Year 2028					
Member Contributions	7.00%		11.55%	11.80%	7.65%
Employer Pension Contribution	11.36%		27.48%	24.78%	13.66%
Employer Medical Subsidy Contribution	<u>0.12%</u>		<u>1.50%</u>	<u>1.50%</u>	<u>0.32%</u>
Total Employer Contribution	11.48%	N/A	28.98%	26.28%	13.98%
Projected Payroll for Fiscal Year	\$ 793,965,120		\$ 131,576,085	\$ 3,230,464	\$ 928,771,669
Estimated Employer Dollar Contribution	\$ 91,147,196	N/A	\$ 38,130,749	\$ 848,966	\$ 130,126,911
Fiscal Year 2029					
Member Contributions	7.00%		11.55%	11.80%	7.65%
Employer Pension Contribution	11.36%		27.48%	24.78%	13.66%
Employer Medical Subsidy Contribution	<u>0.12%</u>		<u>1.50%</u>	<u>1.50%</u>	<u>0.32%</u>
Total Employer Contribution	11.48%	N/A	28.98%	26.28%	13.98%
Projected Payroll for Fiscal Year	\$ 817,784,074		\$ 135,523,368	\$ 3,327,378	\$ 956,634,820
Estimated Employer Dollar Contribution	\$ 93,881,612	N/A	\$ 39,274,672	\$ 874,435	\$ 134,030,719
Contribution Rates from Prior Valuation					
FYs 2026 and 2027#	12.87%		30.95%	29.15%	15.26%
Additional Contributions Paid by the State for Political Subdivision Members as a result of HB 282^					
Employer Subgroup:	Employees	Teachers	Police	Fire	Total
Fiscal Years 2028/2029 Employer Contributions	N/A	N/A	2.27%	1.65%	0.24%
Projected Payroll for FY 2028	N/A	N/A	\$ 312,229,995	\$ 194,879,731	\$ 507,109,726
Projected Dollar Amount for FY 2028	N/A	N/A	\$ 7,087,621	\$ 3,215,516	\$ 10,303,137
Projected Payroll for FY 2029	N/A	N/A	\$ 321,596,895	\$ 200,726,123	\$ 522,323,018
Projected Dollar Amount for FY 2029	N/A	N/A	\$ 7,300,250	\$ 3,311,981	\$ 10,612,231

* *Unfunded Actuarial Accrued Liability - Please refer to pages 42-62 for more detail regarding the development of UAAL amortization payments, and page 19 for description of the UAAL amortization policy*

Computed in June 30, 2023 Actuarial Valuation.

^ *The State shall pay the increase in the employer contribution rates attributable to the adoption of HB 282.*



Development of Employer Contribution Rates Political Subdivision Members

Employer Subgroup:	Employees	Teachers	Police	Fire	Total
Normal Cost					
Age and Service Retirement	5.14%	6.13%	9.77%	12.78%	6.20%
Termination	3.28%	3.09%	4.03%	1.57%	3.26%
Death-in-Service	0.17%	0.09%	0.27%	0.32%	0.14%
Disability	0.37%	0.12%	1.99%	1.52%	0.42%
Expenses	<u>0.35%</u>	<u>0.35%</u>	<u>0.35%</u>	<u>0.35%</u>	<u>0.35%</u>
Total	9.31%	9.78%	16.41%	16.54%	10.37%
UAAL Payment*	<u>9.05%</u>	<u>14.71%</u>	<u>20.35%</u>	<u>18.39%</u>	<u>13.35%</u>
Total Pension Contribution	18.36%	24.49%	36.76%	34.93%	23.72%
Fiscal Year 2028					
Member Contributions	7.00%	7.00%	11.55%	11.80%	7.53%
Employer Pension Contribution	11.36%	17.49%	25.21%	23.13%	16.19%
Employer Medical Subsidy Contribution	<u>0.15%</u>	<u>0.77%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>0.63%</u>
Total Employer Contribution	11.51%	18.26%	26.71%	24.63%	16.82%
Projected Payroll for Fiscal Year	\$ 970,598,031	\$ 1,426,983,297	\$ 312,229,995	\$ 194,879,731	\$ 2,904,691,054
Estimated Employer Dollar Contribution	\$ 111,715,833	\$ 260,567,150	\$ 83,396,632	\$ 47,998,878	\$ 503,678,493
Fiscal Year 2029					
Member Contributions	7.00%	7.00%	11.55%	11.80%	7.53%
Employer Pension Contribution	11.36%	17.49%	25.21%	23.13%	16.19%
Employer Medical Subsidy Contribution	<u>0.15%</u>	<u>0.77%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>0.63%</u>
Total Employer Contribution	11.51%	18.26%	26.71%	24.63%	16.82%
Projected Payroll for Fiscal Year	\$ 999,715,972	\$ 1,462,657,879	\$ 321,596,895	\$ 200,726,123	\$ 2,984,696,869
Estimated Employer Dollar Contribution	\$ 115,067,308	\$ 267,081,329	\$ 85,898,531	\$ 49,438,844	\$ 517,486,012
Employer Contribution Rates from Prior Valuation					
FYs 2026 and 2027#	12.75%	19.23%	30.95%	29.15%	19.00%

* *Unfunded Actuarial Accrued Liability - Please refer to pages 42-62 for more detail regarding the development of UAAL amortization payments, and page 19 for description of the UAAL amortization policy*

Computed in June 30, 2023 Actuarial Valuation.



Development of Pension Actuarial Liabilities June 30, 2025

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 8,497,245,382	\$ 1,998,419,448	\$ 6,498,825,934
Disability benefits likely to be paid to present active members	234,579,077	165,202,253	69,376,824
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	84,911,428	47,667,404	37,244,024
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	1,472,421,439	1,057,204,366	415,217,073
Benefits likely to be paid to current inactive and vested deferred members	638,455,754	-	638,455,754
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	10,709,341,843	-	10,709,341,843
Total	\$ 21,636,954,923	\$ 3,268,493,471	\$ 18,368,461,452
Actuarial Value of Assets	\$ 13,149,495,407	\$ -	\$ 13,149,495,407
Expected State Appropriation for House Bill (HB) 282 [^]	\$ 14,500,000	\$ -	\$ 14,500,000
Liabilities to be Covered by Future Contributions	\$ 8,472,959,516	\$ 3,268,493,471	\$ 5,204,466,045
Funded Ratio			71.6%

[^] An appropriation of \$14.5 million (for Group II in total) was made by the State in FY 2026 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 282. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2025 to offset some of the increase in actuarial accrued liabilities resulting from the benefit provision change.



NHRS Total Pension Unfunded Actuarial Accrued Liability Payoff Projection (\$ in Millions)

Level Percent Amortization

Year	Fiscal Year	Employer	UAAL				End of
	Ending June 30,	Contribution Rates UAAL Payment*	Projected Payroll	Beginning of Year	UAAL Payment	UAAL End of Year	Year Funded Ratio
	2026	14.24%	\$ 3,627	\$ 5,204	\$ 517	\$ 5,021	73.4%
	2027	14.24%	3,729	5,021	532	4,811	75.3%
1	2028	N/A	3,833	4,811	504	4,614	77.0%
2	2029	N/A	3,941	4,614	519	4,390	78.7%
3	2030	N/A	4,052	4,390	533	4,135	80.5%
4	2031	N/A	4,166	4,135	548	3,848	82.4%
5	2032	N/A	4,284	3,848	564	3,526	84.3%
6	2033	N/A	4,404	3,526	579	3,165	86.4%
7	2034	N/A	4,528	3,165	596	2,764	88.4%
8	2035	N/A	4,656	2,764	612	2,318	90.6%
9	2036	N/A	4,787	2,318	629	1,824	92.8%
10	2037	N/A	4,922	1,824	647	1,279	95.1%
11	2038	N/A	5,061	1,279	665	679	97.5%
12	2039	N/A	5,203	679	684	18	99.9%
13	2040	N/A	5,350	18	72	(55)	100.2%
14	2041	N/A	5,501	(55)	75	(136)	100.4%
15	2042	N/A	5,656	(136)	(47)	(96)	100.3%
16	2043	N/A	5,816	(96)	(48)	(52)	100.2%
17	2044	N/A	5,980	(52)	(13)	(42)	100.1%
18	2045	N/A	6,149	(42)	(13)	(32)	100.1%
19	2046	N/A	6,322	(32)	(18)	(16)	100.0%
20	2047	N/A	6,501	(16)	(18)	0	100.0%

* The payroll projections for Teachers is assumed to be at a different rate than the other member classifications. Therefore, each member classification has a level percentage of payroll, but the aggregate rate will vary.

The funded ratio is projected in this amortization schedule assuming all actuarial assumptions are exactly met. Projections are not predictions of specific future events and do not provide numeric precision in absolute terms. It is important to understand that actual experience will differ from the projections shown on this page. When experience differs from the assumptions, as it often does, the employer's contribution rate can vary from year-to-year.



Actuarial Balance Sheet as of June 30, 2025

Assets and Present Value of Expected Future Contributions

	Pension	Medical Subsidy
A. Present valuation assets		
1. Net assets from system financial statements	\$ 13,393,284,504	\$ 54,689,117
2. Actuarial value adjustment	(243,789,097)	(995,470)
3. Actuarial valuation assets	13,149,495,407	53,693,647
4. Expected State Appropriation for House Bill (HB) 282 [^]	14,500,000	-
B. Actuarial present value of expected future employer contributions		
1. For normal costs	735,797,312	3,908,583
2. For unfunded actuarial accrued liability	5,204,466,045	366,212,981
3. Total	5,940,263,357	370,121,564
C. Actuarial present value of expected future member contributions	2,532,696,159	-
D. Total Present and Expected Future Resources	\$ 21,636,954,923	\$ 423,815,211

Present Value of Expected Future Benefit Payments

	Pension	Medical Subsidy
A. To retirees and beneficiaries	\$ 10,709,341,843	\$ 395,254,998
B. To vested terminated members	455,205,185	-
C. To non-vested terminated members (outstanding refunds)	183,250,569	-
D. To present active members		
1. Allocated to service rendered prior to valuation date - actuarial accrued liability	7,020,663,855	24,651,630
2. Allocated to service likely to be rendered after valuation date	3,268,493,471	3,908,583
3. Total	10,289,157,326	28,560,213
E. Total Actuarial Present Value of Expected Future Benefit Payments	\$ 21,636,954,923	\$ 423,815,211

[^] An appropriation of \$14.5 million (for Group II in total) was made by the State in FY 2026 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 282. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2025 to offset some of the increase in actuarial accrued liabilities resulting from the benefit provision change.



Experience Gain/(Loss) – June 30, 2024 and June 30, 2025

	Pension	Medical Subsidy
(1) Actual UAAL* as of June 30, 2024	\$ 5,586,506,736	\$ 441,728,697
(a) Expected Appropriation During FY 2025 ^	26,000,000	-
(b) Adjusted UAAL as of June 30, 2024 (1)+(1a)	5,612,506,736	441,728,697
(2) Normal cost from 2024 valuation	380,356,538	809,141
(3) Actual contributions (employer and employee) ^	939,924,465	37,252,395
(4) Interest accrual: $[(1b)+1/2 [(2)-(3)]] \times \{.0675 \text{ for pension}; .03 \text{ for medical subsidy}\}$	359,958,787	12,705,212
(5) Expected UAAL end of year: (1b)+(2)-(3)+(4)	5,412,897,596	417,990,655
(6) Change from legislation	83,851,758	-
(7) Expected Appropriation in FY 2026 for House Bill 282#	(14,500,000)	-
(8) Change from revised actuarial assumptions	-	-
(9) Expected UAAL after changes: (5)+(6)+(7)	5,482,249,354	417,990,655
(10) Actual UAAL* as of June 30, 2025	5,204,466,045	366,212,981
(11) Gain/(loss) for year: (8)-(9)	277,783,309	51,777,674
(12) Gain/(loss) as percent of actuarial accrued liabilities at start of year	1.6 %	10.5 %

	Pension	Medical Subsidy
(1) Actual UAAL* as of June 30, 2023	\$ 5,534,858,766	\$ 457,022,076
(2) Normal cost from 2023 valuation	355,996,204	832,837
(3) Actual contributions (employer and employee)	880,956,309	36,434,772
(4) Interest accrual: $[(1)+1/2 [(2)-(3)]] \times \{.0675 \text{ for pension}; .03 \text{ for medical subsidy}\}$	355,885,563	13,176,633
(5) Expected UAAL end of year: (1)+(2)-(3)+(4)	5,365,784,224	434,596,774
(6) Change from legislation	34,155,111	4,884,013
(7) Expected Appropriation for House Bill 1647	(26,000,000)	-
(8) Expected UAAL after changes: (5)+(6)+(7)	5,373,939,335	439,480,787
(9) Actual UAAL* as of June 30, 2024	5,586,506,736	441,728,697
(10) Gain/(loss) for year: (8)-(9)	(212,567,401)	(2,247,910)
(11) Gain/(loss) as percent of actuarial accrued liabilities at start of year	(1.2)%	(0.4)%

* *Unfunded Actuarial Accrued Liabilities.*

^ *An appropriation of \$26.0 million was paid in FY 2025 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 1647 and is reflected in employer contributions.*

An appropriation of \$14.5 million was paid in FY 2026 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 282 and is subtracted from the actual UAAL as of June 30, 2025.



Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. **Investment Risk** – actual investment returns may differ from the expected returns;
2. **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. **Contribution Risk** – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
4. **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
6. **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.



Plan Maturity Measures

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures are discussed in the following pages. A historical summary of these plan maturity measures can be found on page 36.

Funded Ratio

The ratio of actuarial value of assets to actuarial accrued liabilities is expected to trend toward 100% by June 30, 2047. Each subsequent change in liability as calculated in odd-numbered years shall be separately amortized over a fixed period of no longer than 20 years.

Ratio of Actual Total Payroll to Expected Total Payroll

This ratio is expected to remain near 100% each year.

Ratio of Net Cash Flow to Market Value of Assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

Ratio of Actives to Retirees and Beneficiaries

A young plan with many active members and few retirees will have a high ratio of actives to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

Ratio of Unfunded Actuarial Accrued Liability to Payroll

The ratio of the unfunded actuarial accrued liability to payroll is expected to trend toward 0% by June 30, 2047.

Ratio of Actuarial Value of Assets to Payroll

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the actuarial value of assets is 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.



Plan Maturity Measures (Concluded)

Ratio of Actuarial Accrued Liability to Payroll

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time. Total AAL / Total Payroll is expected to grow as the System matures. The rate of growth may slow down as members hired on or after July 1, 2011 replace current members.

The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 2.5 times the payroll, a change in liability 2% other than assumed would equal 5% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also plan sponsor contributions) as a percentage of payroll.

Standard Deviation of Investment Return to Payroll

This measure illustrates the impact of a one standard deviation change in investment return as a percent of payroll. Investment return experience other than expected ultimately affects the employer contribution rates. The higher the ratio of this risk metric, the greater the expected volatility in employer contribution rates. Absent changes in investment policy, this metric is expected to increase as the assets grow to 100% of the AAL.

Standard Deviation of Contribution Rate

This measure illustrates the impact of a one standard deviation change in investment return on the annual contribution rate. Absent a change in amortization policy, this rate is expected to increase substantially as the amortization period decreases.

Additional Risk Assessment

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

Summary of Risk Measures Pension

Valuation Year	Funded Ratio				Actual Total Payroll / Expected Total Payroll	Net Cash Flow as a Percent of MVA	Ratio of Actives to Retirees ¹	UAAL Amortization Period	Ratio to Payroll				
	Percentage of AAL Covered by Net Actuarial Value of Assets Available								UAAL	AVA	AAL	Standard Deviation of Investment Return	Standard Deviation of Contribution Rate
	NHRS in Total	Aggregate Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members									
June 30, 2008	67.8%	100%	83%	0%	101%	(1.2)%	2.2	30	109%	230%	339%	***	***
June 30, 2009*	58.3	100	63	0	103	(2.3)	2.1	30	145	202	346	23%	0.3%
June 30, 2010	58.5	100	61	0	98	(2.8)	2.0	30	150	211	361	23	0.3%
June 30, 2011#*	57.4	100	63	0	98	(3.1)	1.8	29	169	228	397	26	0.3%
June 30, 2012	56.1	100	58	0	96	(2.3)	1.7	28	183	234	417	28	0.3%
June 30, 2013	56.7	100	59	0	97	(2.9)	1.6	27	185	243	428	29	0.3%
June 30, 2014	60.7	100	67	0	97	(1.7)	1.6	26	173	267	440	32	0.4%
June 30, 2015#^	59.2	100	66	0	99	(1.8)	1.5	25	195	283	478	33	0.4%
June 30, 2016	60.0	100	67	0	98	(1.7)	1.5	24	196	294	489	34	0.4%
June 30, 2017#	61.8	100	72	0	99	(2.0)	1.3	23	189	306	495	36	0.5%
June 30, 2018	63.6	100	75	0	100	(1.7)	1.3	22	181	317	498	37	0.5%
June 30, 2019#*@^	60.8	100	73	0	100	(1.8)	1.3	21	209	323	531	40	0.6%
June 30, 2020	61.0	100	72	0	100	(1.9)	1.3	20	209	326	535	40	0.6%
June 30, 2021	64.2	100	78	0	100	(2.1)	1.3	19	193	345	538	42	0.6%
June 30, 2022	65.6	100	81	0	101	(1.1)	1.2	18-20	185	353	538	43	0.7%
June 30, 2023#*	67.5	100	84	0	101	(0.9)	1.2	17-20	174	362	536	43	0.7%
June 30, 2024*	68.6	100	86	0	104	(1.4)	1.1	16-20	165	361	527	42	0.7%
June 30, 2025*	71.6	100	92	0	101	(1.1)	1.1	15-20	148	373	520	43	0.8%

After reflection of changes in assumptions.

* After reflection of changes in legislation.

@ After reflection of changes in methodology.

*** Unavailable.

^ The standard deviation of investment return was updated in these years as the result of an experience study.

¹ Beginning with the valuation year ended June 30, 2019, the ratio of actives to retirees excludes additional data records which have resulted from additional annuities, survivor benefits, or members having benefits in more than one valuation group. There were 4,014 such records in 2025.

These risk measures are provided in accordance with the System's Actuarial Funding Policy. Short-term fluctuations will occur due to experience, plan changes, and assumption and method changes. Long-term expectations are described on the prior pages.

UAAL Amortization Period: The initial unfunded liability as of June 30, 2017 shall be amortized through 2039 (a 14-year period beginning on July 1, 2025). Each subsequent change in liability as calculated in odd-numbered years shall be separately amortized over a fixed period of no longer than 20 years.



Low-Default-Risk Obligation Measure

INTRODUCTION

In December 2021, the Actuarial Standards Board (ASB) adopted a revision to Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. The revised ASOP No. 4 requires the calculation and disclosure of a liability referred to by the ASOP as the “Low-Default-Risk Obligation Measure” (LDROM). The rationale that the ASB cited for the calculation and disclosure of the LDROM was included in the Transmittal Memorandum of ASOP No. 4 and is presented below (emphasis added):

The ASB believes that the calculation and disclosure of this measure provides **appropriate, useful information for the intended user regarding the funded status of a pension plan**. The calculation and disclosure of this additional measure is **not intended to suggest that this is the “right” liability measure** for a pension plan. However, the ASB does believe that **this additional disclosure provides a more complete assessment of a plan’s funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date**.

COMPARING THE ACCRUED LIABILITIES AND THE LDROM

One of the fundamental financial objectives of NHRS is to finance each member’s retirement benefits over the period from the member’s date of hire until the member’s projected date of retirement (entry age actuarial cost method) as a level percentage of payroll. To fulfill this objective, the discount rate that is used to value the accrued liabilities of NHRS is set equal to the **expected return** on the System’s diversified portfolio of assets (referred to sometimes as the investment return assumption). For NHRS, the investment return assumption is 6.75%.

The LDROM is meant to approximately represent the lump sum cost to a plan to purchase low-default-risk fixed income securities whose resulting cash flows essentially replicate in timing and amount the benefits earned (or the costs accrued) as of the measurement date. The LDROM is very dependent upon market interest rates at the time of the LDROM measurement. The lower the market interest rates, the higher the LDROM, and vice versa. The LDROM results presented in this report are based on the entry age actuarial cost method and discount rates based upon the June 2025 Treasury Yield Curve Spot Rates (monthly average). The 1-, 5-, 10- and 30-year rates follow: 4.10%, 4.00%, 4.43% and 5.05%.

Presented below are the actuarial accrued liability and the LDROM as of June 30, 2025 for NHRS.

Type of Member	Valuation Accrued Liabilities	LDROM
Retirees	\$ 10,709,341,843	\$ 12,766,500,856
Deferreds/Inactives	638,455,754	763,091,883
Actives	7,006,163,855	9,435,129,059
Totals	\$ 18,353,961,452	\$ 22,964,721,798



Low-Default-Risk Obligation Measure

COMMENTARY REGARDING THE LDROM

Some ways in which the LDROM can assist the NHRS Board of Trustees in a decision-making process include:

- (1) It provides information to potentially allow for better risk management for NHRS.
- (2) It places the appropriateness of potential employer contribution rate reductions or benefit enhancements in a better context.
- (3) It provides more complete information regarding the benefit security of the membership's benefits earned as of the measurement date.
- (4) It brings into consideration a potential value for a "withdrawal liability" for employers that may want to leave NHRS.

Potentially Allows for Better Risk Management: A very useful risk metric to exhibit potential contribution rate volatility (or amortization period volatility for fixed rate plans) is the ratio of assets to payroll or AAL to payroll. How could we reduce that potential contribution rate volatility (or amortization period volatility for fixed rate plans)? The LDROM and liability driven investing (LDI) are closely related concepts.

Other than reducing benefits, all other things being equal, the only way to reduce that volatility is to immunize (i.e., LDI) a portion of the System's liability. This does not mean that the System needs to immunize all of the liability. For example, if they could immunize half of it, they could reduce the contribution rate volatility in half. This would require the actuary to use a cash flow matching method to value that portion of the liabilities. This means that the actuary would not use the System's investment return assumption for this portion of the liability, but the yield curve resulting from the fixed income portfolio that is being used to immunize the liability. The value of the assets (i.e., fixed income portfolio) and the value of the immunized liability would move in tandem with any changes (up or down) in future interest rates. The result being that the immunized portion of the System's liability would reduce the potential of producing new unfunded actuarial accrued liabilities. However, the fixed income portfolio would still have the minor potential for credit default risk.

Places the Appropriateness of Potential Employer Contribution Rate Reductions or Benefit Enhancements in a Better Context: Many public employee retirement systems have adopted a funding policy. Many funding policies already take into account the System's funded ratio (based upon the AAL) when considering whether to allow for benefit enhancements or contribution rate reductions. For example, a System may not allow for a benefit enhancement if the funded ratio does not exceed a certain threshold. Similarly, a System may not allow for an employer contribution rate reduction in some circumstances. For example, a reduction to the employer normal cost contribution may not be allowed until the System reaches a funded ratio of 120%. Given the fact that most criteria are based upon the expectation of earning the investment return assumption, a System may want to consider extending these criteria to a funded ratio based upon the LDROM in addition to the AAL.

Provides more Complete Information Regarding the Benefit Security of the Membership's Benefits Earned as of the Measurement Date: Too often a high funded ratio (i.e., 100% funded) on an AAL basis is interpreted as benefit security for the participants. The fact that this funded ratio is based upon an expected measure is many times overlooked. If the AAL and LDROM measures are relatively close, then the System at least has the opportunity to make benefits payable in the future more secure.

Brings into consideration a potential value for a "withdrawal liability" for employers that may want to leave the System: The current withdrawal policy allows an employer to leave the System in return for payment of a "withdrawal liability." The System retains the liabilities of the participants currently in receipt of a benefit from the employer. A System may wish to consider alternate assumptions such as market-based interest rates for bearing the full risk of retaining the liabilities of the withdrawing employers.



Pension Solvency Test

The New Hampshire Retirement System funding objective is to meet long-term benefit promises through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to the System are level in concept and soundly executed, the System will pay all promised benefits when due -- the ultimate test of financial soundness.

A solvency test is one means of checking a system's progress under its funding program. In a solvency test, the plan's present assets (cash and investments) are compared with:

- 1) Active member contributions on deposit;
- 2) The liabilities for future benefits to present retired lives; and
- 3) The liabilities for service already rendered by active and inactive members.

In a system that has been following the discipline of level percent-of-payroll financing, with assumptions and benefits unchanged and all assumptions met, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. The larger the funded portion of liability 3, the stronger the condition of the System.

As of June 30, 2025, there were 92% of assets needed to cover retiree liabilities, as shown in the table below.

Prior to June 30, 2007, the statutory funding method did not report a funded status nor did it report that assets were below the retiree liability. The assets in the plan are not sufficient to cover current retiree liabilities and the ratio of retiree benefit payroll to the market value of assets is 12.9. Approximately 13 years of current retiree benefit payments can be paid from current assets if all assumptions are met and ignoring future contributions. The ability to make such payments beyond that period is heavily dependent upon future contributions and future investment return.

Fiscal Year	Total of all Groups (\$ in Thousands)				Percentage of Accrued Liabilities Covered by Net Assets Available		
	Projected Pension Liabilities for			Net Assets Available for Benefits	(1)	(2)	(3)
	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)				
2016	\$2,978,817	\$ 6,964,227	\$2,789,822	\$ 7,636,066	100%	67%	0%
2017 #	2,915,811	7,315,440	2,977,198	8,165,684	100%	72%	0%
2018	2,927,793	7,667,448	3,107,908	8,710,939	100%	75%	0%
2019 #*@	3,019,358	8,392,790	3,602,017	9,121,933	100%	73%	0%
2020	3,119,450	8,739,587	3,628,978	9,447,838	100%	72%	0%
2021	3,087,943	9,151,819	3,751,453	10,268,313	100%	78%	0%
2022	3,036,430	9,678,163	3,828,894	10,849,694	100%	81%	0%
2023 #*	3,043,329	10,011,599	3,975,513	11,495,582	100%	84%	0%
2024 *^	3,081,998	10,633,281	4,091,563	12,933,906	100%	93%	0%
2025 *^	3,324,431	10,709,342	4,320,188	13,149,495	100%	92%	0%

After reflection of changes in assumptions.

* After reflection of changes in legislation.

@ After reflection of changes in methodology.

^ An appropriation of \$14.5 million is expected to be paid in FY 2026 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 282. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2025 by this expected appropriation to offset the increase in actuarial accrued liabilities resulting from the benefit provision change.

An appropriation of \$26 million is expected to be paid in FY 2025 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 1647. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2024 by this expected appropriation to offset the increase in actuarial accrued liabilities resulting from the benefit provision change.



Pension Solvency Test -- Comparative Statement (\$ in Thousands)

Group	Fiscal Year	Projected Pension Liabilities for				Net Assets Available for Benefits	Percentage of Accrued Liabilities Covered by Net Assets Available		
		(1)	(2)	(3)	(1)		(2)	(3)	
		Aggregate Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members (Employer Financed Portion)					
Employees	2016	\$ 1,152,928	\$ 2,139,549	\$ 857,347	\$ 2,538,563	100%	65%	0%	
Teachers	2016	1,171,831	2,692,037	1,156,821	2,799,863	100%	60%	0%	
Police	2016	430,490	1,460,840	535,225	1,546,665	100%	76%	0%	
Fire	2016	223,568	671,801	240,428	750,975	100%	79%	0%	
Employees	2017	1,133,071	2,272,436	934,564	2,734,558	100%	70%	0%	
Teachers	2017 #	1,132,876	2,819,228	1,211,560	2,979,005	100%	65%	0%	
Police	2017	426,606	1,526,761	570,755	1,650,908	100%	80%	0%	
Fire	2017	223,258	697,015	260,320	801,214	100%	83%	0%	
Employees	2018	1,128,180	2,391,404	974,131	2,922,358	100%	75%	0%	
Teachers	2018	1,142,455	2,956,675	1,268,903	3,176,932	100%	69%	0%	
Police	2018	428,859	1,596,512	591,281	1,758,301	100%	83%	0%	
Fire	2018	228,299	722,857	273,593	853,348	100%	86%	0%	
Employees	2019 ##@	1,160,917	2,646,257	1,181,832	3,063,967	100%	72%	0%	
Teachers	2019 ##@	1,181,186	3,195,041	1,461,286	3,326,088	100%	67%	0%	
Police	2019 ##@	441,940	1,768,684	666,606	1,838,868	100%	79%	0%	
Fire	2019 ##@	235,315	782,808	292,293	893,010	100%	84%	0%	
Employees	2020	1,194,410	2,766,799	1,202,228	3,173,612	100%	72%	0%	
Teachers	2020	1,225,030	3,310,020	1,470,570	3,450,798	100%	67%	0%	
Police	2020	458,081	1,847,135	658,558	1,900,199	100%	78%	0%	
Fire	2020	241,928	815,632	297,625	923,229	100%	84%	0%	
Employees	2021	1,187,629	2,892,159	1,246,883	3,449,619	100%	78%	0%	
Teachers	2021	1,220,158	3,429,767	1,532,995	3,752,083	100%	74%	0%	
Police	2021	445,546	1,958,854	649,018	2,062,170	100%	83%	0%	
Fire	2021	234,610	871,038	322,557	1,004,441	100%	88%	0%	
Employees	2022	1,170,371	3,071,698	1,300,176	3,645,813	100%	81%	0%	
Teachers	2022	1,210,287	3,552,414	1,585,896	3,976,505	100%	78%	0%	
Police	2022	424,441	2,129,277	633,839	2,171,111	100%	82%	0%	
Fire	2022	231,331	924,774	308,983	1,056,265	100%	89%	0%	
Employees	2023 ##	1,174,827	3,168,474	1,301,756	3,850,701	100%	84%	0%	
Teachers	2023 ##	1,210,843	3,654,105	1,673,052	4,210,979	100%	82%	0%	
Police	2023 ##	428,186	2,214,443	673,958	2,310,556	100%	85%	0%	
Fire	2023 ##	229,473	974,577	326,747	1,123,345	100%	92%	0%	
Employees	2024 *	1,195,124	3,314,573	1,433,252	4,101,190	100%	88%	0%	
Teachers	2024 *	1,219,308	3,917,718	1,582,647	4,466,901	100%	83%	0%	
Police	2024 *A	437,698	2,354,355	729,811	2,461,354	100%	86%	0%	
Fire	2024 *A	229,869	1,046,636	345,851	1,190,890	100%	92%	0%	
Employees	2025	1,267,402	3,373,391	1,450,999	4,433,687	100%	94%	0%	
Teachers	2025	1,345,971	3,849,893	1,709,965	4,800,067	100%	90%	0%	
Police	2025 *A	470,238	2,405,313	795,354	2,640,700	100%	90%	0%	
Fire	2025 *A	240,820	1,080,744	363,872	1,275,041	100%	96%	0%	

After reflection of changes in assumptions.

* After reflection of changes in legislation.

@ After reflection of changes in methodology.

^ An appropriation of \$14.5 million was made by the State in FY 2026 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 282. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2025 by this amount to offset some of the increase in actuarial accrued liabilities resulting from the benefit provision change.

An appropriation of \$26 million is expected to be paid in FY 2025 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 1647. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2024 by this expected appropriation to offset the increase in actuarial accrued liabilities resulting from the benefit provision change.



Schedule of Pension Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b)-(a)]/(c)
June 30, 2008	\$ 5,302,034,006	\$ 7,821,316,352	\$ 2,519,282,346	67.8%	\$ 2,308,320,669	109.1 %
June 30, 2009*	4,937,319,506	8,475,051,817	3,537,732,311	58.3%	2,448,287,042	144.5 %
June 30, 2010	5,233,838,359	8,953,932,346	3,720,093,987	58.5%	2,481,383,620	149.9 %
June 30, 2011#*	5,740,516,293	9,998,251,218	4,257,734,925	57.4%	2,517,779,470	169.1 %
June 30, 2012	5,817,881,588	10,361,600,451	4,543,718,863	56.1%	2,487,757,437	182.6 %
June 30, 2013	6,070,681,258	10,708,768,437	4,638,087,179	56.7%	2,501,741,708	185.4 %
June 30, 2014	6,700,553,435	11,045,173,866	4,344,620,431	60.7%	2,507,898,809	173.2 %
June 30, 2015	7,280,760,612	11,488,613,381	4,207,852,769	63.4%	2,575,031,210	163.4 %
June 30, 2016	7,636,066,231	12,732,865,722	5,096,799,491	60.0%	2,601,403,606	195.9 %
June 30, 2017#	8,165,684,152	13,208,449,374	5,042,765,222	61.8%	2,667,611,532	189.0 %
June 30, 2018	8,710,939,332	13,703,148,691	4,992,209,359	63.6%	2,752,235,069	181.4 %
June 30, 2019#@	9,121,932,914	15,014,165,392	5,892,232,478	60.8%	2,825,006,022	208.6 %
June 30, 2020	9,447,838,321	15,488,015,283	6,040,176,962	61.0%	2,894,708,279	208.7 %
June 30, 2021	10,268,312,657	15,991,214,816	5,722,902,159	64.2%	2,972,968,504	192.5 %
June 30, 2022	10,849,693,955	16,543,486,657	5,693,792,702	65.6%	3,077,583,995	185.0 %
June 30, 2023#*	11,495,582,032	17,030,440,798	5,534,858,766	67.5%	3,178,096,144	174.2 %
June 30, 2024*^	12,220,334,821	17,806,841,557	5,586,506,736	68.6%	3,381,486,890	165.2 %
June 30, 2025	13,149,495,407	18,284,609,694	5,135,114,287	71.9%	3,527,365,424	145.6 %
June 30, 2025*^	13,149,495,407	18,353,961,452	5,204,466,045	71.6%	3,527,365,424	147.5 %

After reflection of changes in assumptions.

* After reflection of changes in legislation.

@ After reflection of changes in methodology.

^ An appropriation of \$14.5 million was made by the State in FY 2026 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 282. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2025 by this amount to offset some of the increase in actuarial accrued liabilities resulting from the benefit provision change.

An appropriation of \$26 million is expected to be paid in FY 2025 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 1647. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2024 by this expected appropriation to offset the increase in actuarial accrued liabilities resulting from the benefit provision change.



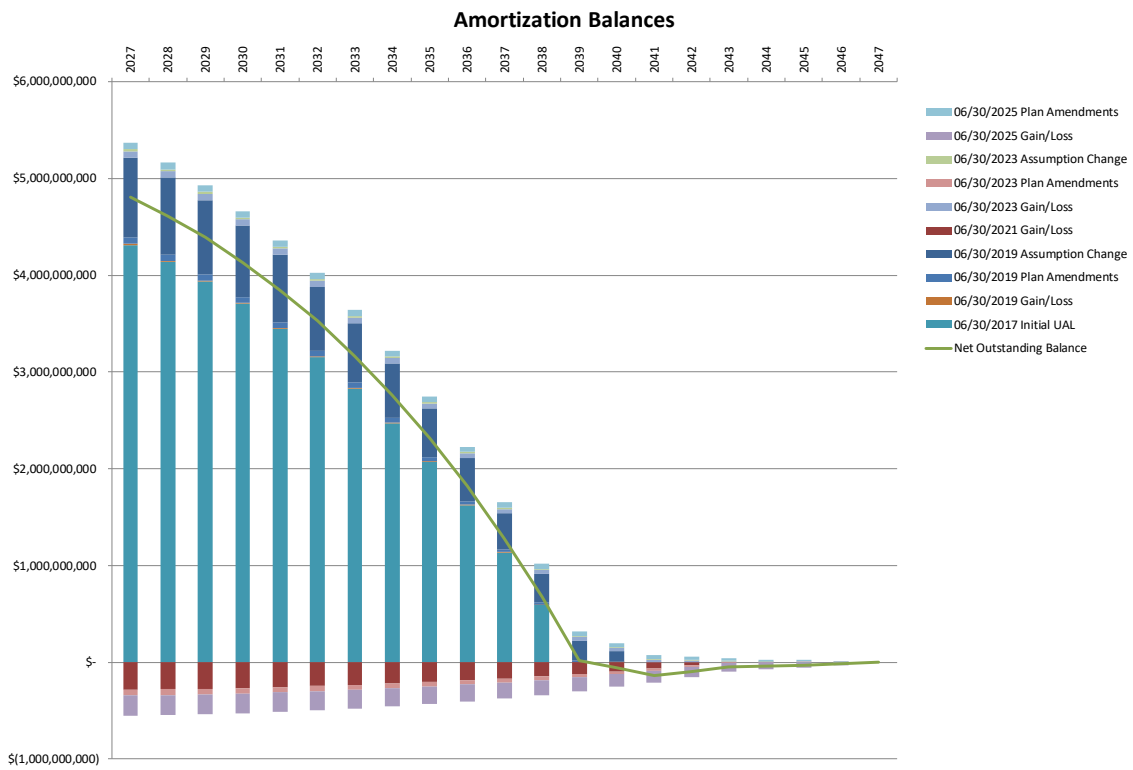
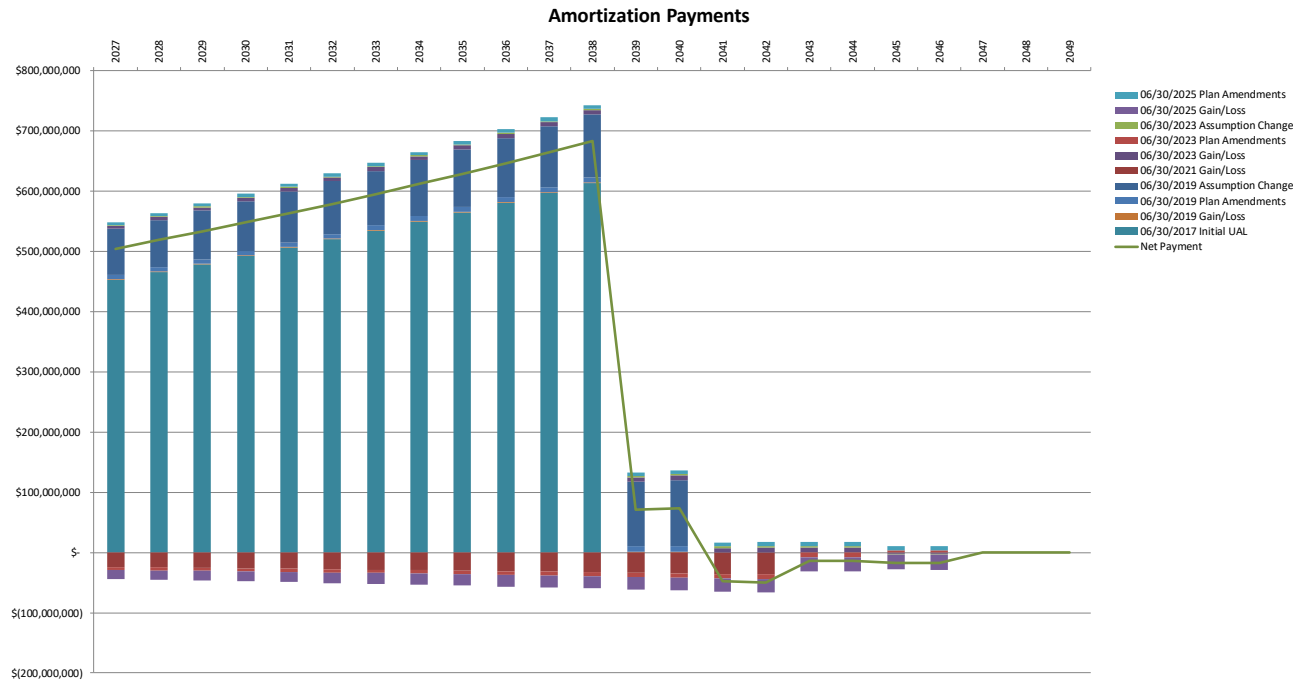
Development of Employer Contribution Rates

Total System Amortization of Unfunded Actuarial Accrued Liability Schedule

Source of UAAL For Year Ending	Projected 6/30/2027 UAAL Amount	Remaining Financing Period 6/30/2027	FY 2028 Contribution*	
			Dollar	% of Payroll
Initial Unfunded Actuarial Accrued Liability				
6/30/2017	\$ 4,312,689,318	12 yrs.	\$ 453,294,488	11.82%
(Gain) Loss From Experience				
6/30/2019	12,338,555	14 yrs.	1,203,512	0.03%
6/30/2021	(285,302,369)	16 yrs.	(24,079,316)	(0.63%)
6/30/2023	65,532,006	18 yrs.	4,957,002	0.13%
6/30/2025	(211,702,998)	20 yrs.	(15,411,700)	(0.40%)
Changes From Updated Actuarial Assumptions and Methods				
6/30/2019	822,571,731	14 yrs.	76,563,413	2.00%
6/30/2023	(76,897,324)	18 yrs.	(5,899,744)	(0.15%)
Changes From Updated Benefits				
6/30/2019	66,926,391	14 yrs.	6,136,428	0.16%
6/30/2023	37,713,306	18 yrs.	2,870,586	0.07%
6/30/2025 (Excludes HB282)	3,744,332	20 yrs.	265,949	0.01%
6/30/2025 HB282	63,551,478	21 yrs.	4,513,874	0.12%
Totals	\$ 4,811,164,426		\$ 504,414,492	13.16%

* Total dollars shown are the sum of all four-member classifications. Percentages of payroll shown are the weighted average over all of NHRS.

Total System Remaining Amortization Payments and Balances



Employees Pension Development of Pension Actuarial Liabilities June 30, 2025

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 2,809,720,107	\$ 598,604,526	\$ 2,211,115,581
Disability benefits likely to be paid to present active members	70,410,213	44,459,317	25,950,896
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	36,674,970	19,597,249	17,077,721
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	625,920,889	463,177,318	162,743,571
Benefits likely to be paid to current inactive and vested deferred members	301,512,012	-	301,512,012
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	3,373,392,123	-	3,373,392,123
Total	\$ 7,217,630,314	\$ 1,125,838,410	\$ 6,091,791,904
Actuarial Value of Assets	\$ 4,433,687,231	\$ -	\$ 4,433,687,231
Liabilities to be Covered by Future Contributions	\$ 2,783,943,083	\$ 1,125,838,410	\$ 1,658,104,673
Funded Ratio			72.8%



Employees Pension

Development of Employer Contribution Rates

Amortization of Unfunded Actuarial Accrued Liability Schedule

Source of UAAL For Year Ending	Projected 6/30/2027 UAAL Amount	Remaining Financing Period 6/30/2027	Amort. Factor	FY 2028 Contribution	
				Dollar	% of Payroll
Initial Unfunded Actuarial Accrued Liability 6/30/2017	\$ 1,388,100,028	12 yrs.	9.615236	\$ 144,364,629	8.18%
(Gain) Loss From Experience					
6/30/2019	1,830,966	14 yrs.	10.853632	168,696	0.01%
6/30/2021	(94,145,441)	16 yrs.	12.006549	(7,841,174)	(0.44%)
6/30/2023	22,574,181	18 yrs.	13.079888	1,725,870	0.10%
6/30/2025	(81,215,801)	20 yrs.	14.079141	(5,768,520)	(0.33%)
Changes From Updated Actuarial Assumptions and Methods					
6/30/2019	319,925,204	14 yrs.	10.853632	29,476,327	1.67%
6/30/2023	(76,554,255)	18 yrs.	13.079888	(5,852,822)	(0.33%)
Changes From Updated Benefits					
6/30/2019	19,584,770	14 yrs.	10.853632	1,700,804	0.10%
6/30/2023	21,020,905	18 yrs.	13.079888	1,514,819	0.09%
Totals	\$ 1,521,120,557			\$ 159,488,629	9.05%

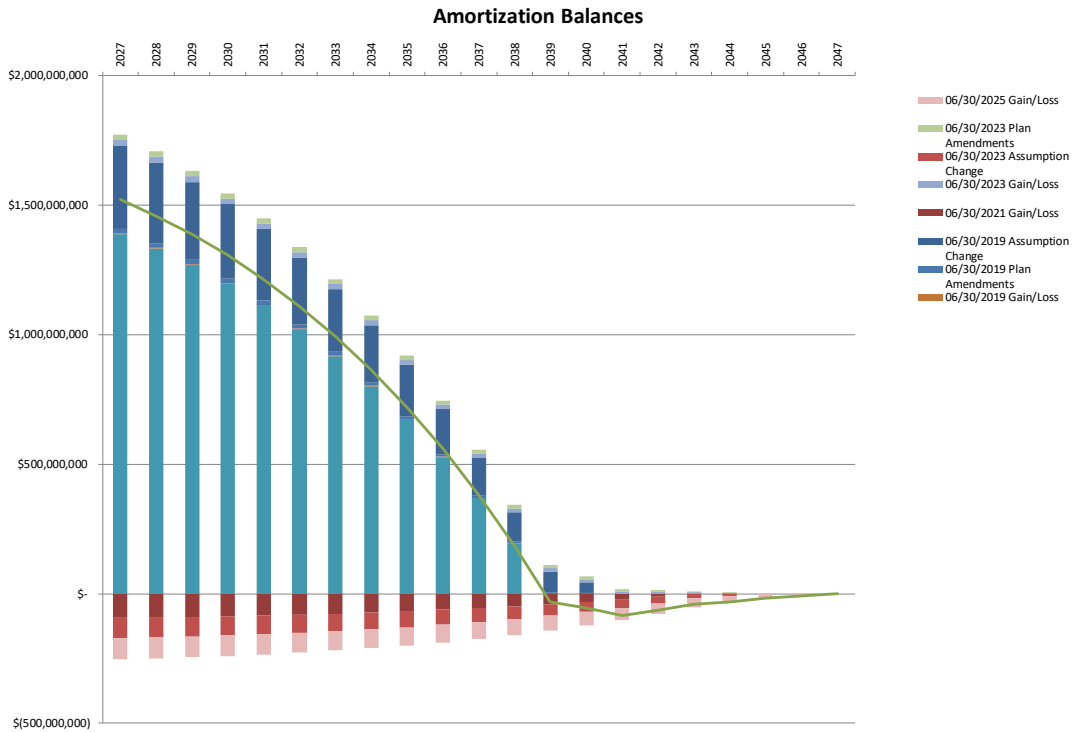
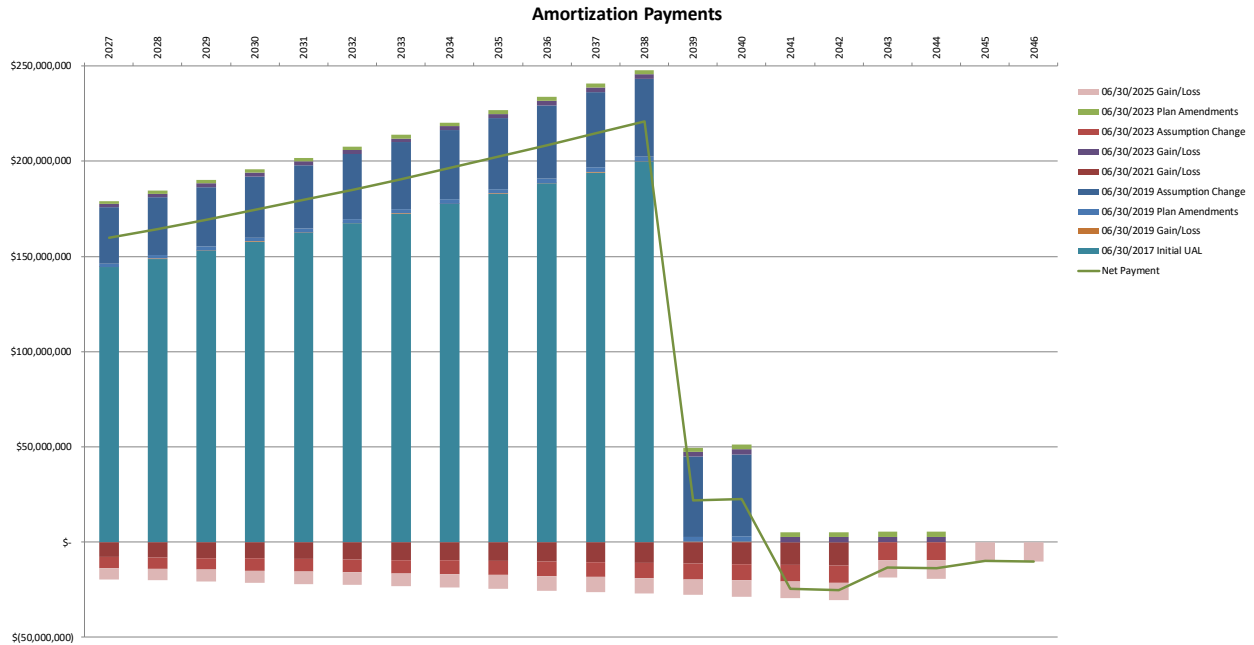
Employees Pension Unfunded Actuarial Accrued Liability Payoff Projection (\$ in Millions)

Year	Fiscal Year Ending June 30,	Employer Contribution Rates		UAAL Beginning of Year			UAAL End of Year	End of Year Funded Ratio
		UAAL Payment*	Projected Payroll	UAAL Payment	UAAL Payment	UAAL End of Year		
	2026	10.22%	\$ 1,663	\$ 1,658	\$ 170	\$ 1,594	74.6%	
	2027	10.22%	1,713	1,594	175	1,521	76.5%	
1	2028	9.05%	1,765	1,521	159	1,459	78.2%	
2	2029	9.05%	1,818	1,459	164	1,388	79.9%	
3	2030	9.05%	1,872	1,388	169	1,306	81.6%	
4	2031	9.05%	1,928	1,306	175	1,214	83.4%	
5	2032	9.05%	1,986	1,214	180	1,110	85.3%	
6	2033	9.05%	2,046	1,110	185	994	87.2%	
7	2034	9.05%	2,107	994	191	864	89.3%	
8	2035	9.05%	2,170	864	196	719	91.3%	
9	2036	9.05%	2,235	719	202	559	93.5%	
10	2037	9.05%	2,302	559	208	381	95.7%	
11	2038	9.05%	2,371	381	215	185	98.0%	
12	2039	9.05%	2,443	185	221	(31)	100.3%	
13	2040	0.87%	2,516	(31)	22	(56)	100.6%	
14	2041	0.87%	2,591	(56)	23	(83)	100.8%	
15	2042	-0.91%	2,669	(83)	(24)	(63)	100.6%	
16	2043	-0.91%	2,749	(63)	(25)	(41)	100.3%	
17	2044	-0.47%	2,832	(41)	(13)	(31)	100.2%	
18	2045	-0.47%	2,917	(31)	(14)	(18)	100.1%	
19	2046	-0.33%	3,004	(18)	(10)	(9)	100.1%	
20	2047	-0.33%	3,094	(9)	(10)	0	100.0%	

* UAAL rates for the first biennium are based on the adopted rates from the previous rate setting valuation less the employer normal cost from this valuation.

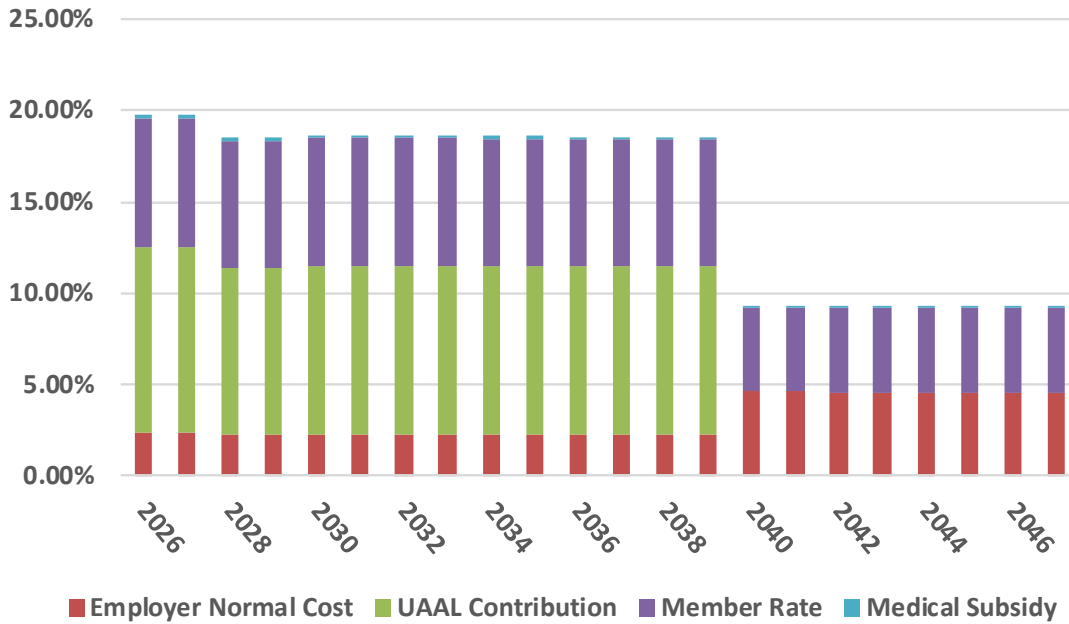
The funded ratio is projected in this amortization schedule assuming all actuarial assumptions are exactly met. Projections are not predictions of specific future events and do not provide numeric precision in absolute terms. It is important to understand that actual experience will differ from the projections shown on this page. When experience differs from the assumptions, as it often does, the employer's contribution rate can vary from year to year.

Employees Pension Remaining Amortization Payments and Balances

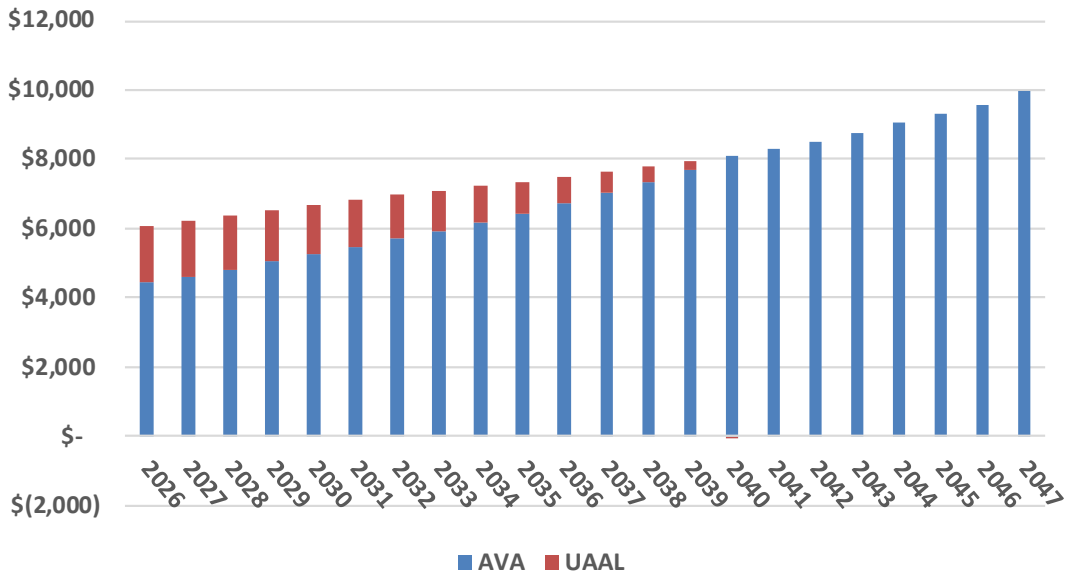


Contribution Projections – Employees

Projection of Contribution Rates (% of Payroll)



Projection of UAAL (\$Millions)



Teachers Pension

Development of Pension Actuarial Liabilities

June 30, 2025

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 3,260,115,489	\$ 736,803,262	\$ 2,523,312,227
Disability benefits likely to be paid to present active members	31,528,309	15,190,644	16,337,665
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	23,110,578	11,192,926	11,917,652
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	651,306,129	412,006,205	239,299,924
Benefits likely to be paid to current inactive and vested deferred members	265,068,363	-	265,068,363
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	3,849,893,009	-	3,849,893,009
Total	\$ 8,081,021,877	\$ 1,175,193,037	\$ 6,905,828,840
Actuarial Value of Assets	\$ 4,800,067,194	-	\$ 4,800,067,194
Liabilities to be Covered by Future Contributions	\$ 3,280,954,683	\$ 1,175,193,037	\$ 2,105,761,646
Funded Ratio			69.5%



Teachers Pension

Development of Employer Contribution Rates

Amortization of Unfunded Actuarial Accrued Liability Schedule

Source of UAAL For Year Ending	Projected 6/30/2027 UAAL Amount	Remaining Financing Period 6/30/2027	Amort. Factor	FY 2028 Contribution	
				Dollar	% of Payroll
Initial Unfunded Actuarial Accrued Liability					
6/30/2017	\$ 1,844,022,508	12 yrs.	9.381990	\$ 196,549,181	13.77%
(Gain) Loss From Experience					
6/30/2019	24,930,392	14 yrs.	10.547357	2,363,662	0.17%
6/30/2021	(114,992,352)	16 yrs.	11.621778	(9,894,557)	(0.69%)
6/30/2023	(18,747,816)	18 yrs.	12.612351	(1,486,465)	(0.10%)
6/30/2025	(129,032,035)	20 yrs.	13.525620	(9,539,824)	(0.67%)
Changes From Updated Actuarial Assumptions and Methods					
6/30/2019	289,942,871	14 yrs.	10.547357	27,489,623	1.93%
6/30/2023	(7,301,504)	18 yrs.	12.612351	(578,917)	(0.04%)
Changes From Updated Benefits					
6/30/2019	27,585,098	14 yrs.	10.547357	2,615,356	0.18%
6/30/2023	28,079,073	18 yrs.	12.612351	2,226,315	0.16%
Totals	\$ 1,944,486,235			\$ 209,744,374	14.71%

Teachers Pension

Unfunded Actuarial Accrued Liability Payoff Projection

(\$ in Millions)

Year	Fiscal Year Ending June 30,	Employer Contribution Rates		UAAL			End of Year Funded Ratio
		UAAL Payment*	Projected Payroll	Beginning of Year	UAAL Payment	UAAL End of Year	
	2026	15.50%	\$ 1,358	\$ 2,106	\$ 211	\$ 2,030	71.4%
	2027	15.50%	1,392	2,030	216	1,944	73.3%
1	2028	14.71%	1,427	1,944	210	1,859	75.2%
2	2029	14.71%	1,463	1,859	215	1,762	77.1%
3	2030	14.71%	1,499	1,762	221	1,654	79.1%
4	2031	14.71%	1,537	1,654	226	1,532	81.2%
5	2032	14.71%	1,575	1,532	232	1,396	83.3%
6	2033	14.71%	1,615	1,396	237	1,245	85.5%
7	2034	14.71%	1,655	1,245	243	1,078	87.8%
8	2035	14.71%	1,696	1,078	250	893	90.2%
9	2036	14.71%	1,739	893	256	689	92.6%
10	2037	14.71%	1,782	689	262	465	95.2%
11	2038	14.71%	1,827	465	269	219	97.8%
12	2039	14.71%	1,872	219	275	(51)	100.5%
13	2040	0.94%	1,919	(51)	18	(73)	100.7%
14	2041	0.94%	1,967	(73)	18	(97)	100.9%
15	2042	-1.34%	2,016	(97)	(27)	(75)	100.6%
16	2043	-1.34%	2,067	(75)	(28)	(51)	100.4%
17	2044	-0.65%	2,118	(51)	(14)	(40)	100.3%
18	2045	-0.65%	2,171	(40)	(14)	(28)	100.2%
19	2046	-0.67%	2,226	(28)	(15)	(15)	100.1%
20	2047	-0.67%	2,281	(15)	(15)	0	100.0%

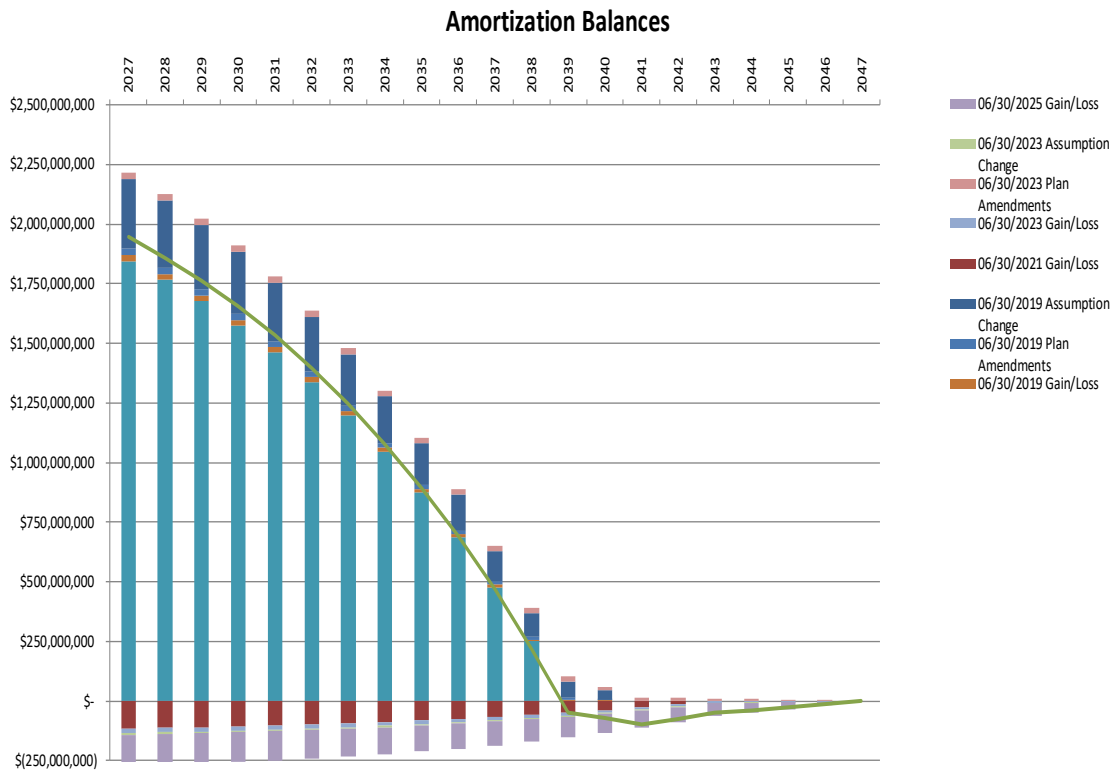
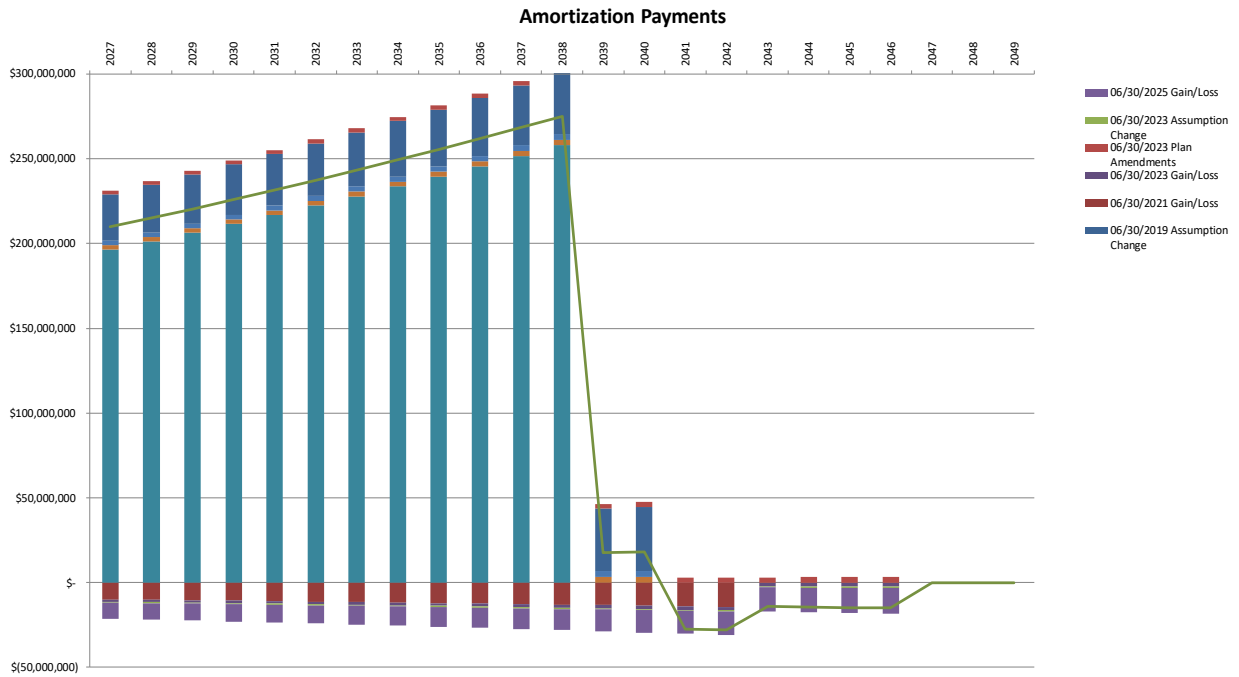
* UAAL rates for the first biennium are based on the adopted rates from the previous rate setting valuation less the employer normal cost from this valuation.

The funded ratio is projected in this amortization schedule assuming all actuarial assumptions are exactly met. Projections are not predictions of specific future events and do not provide numeric precision in absolute terms. It is important to understand that actual experience will differ from the projections shown on this page. When experience differs from the assumptions, as it often does, the employer's contribution rate can vary from year-to-year.



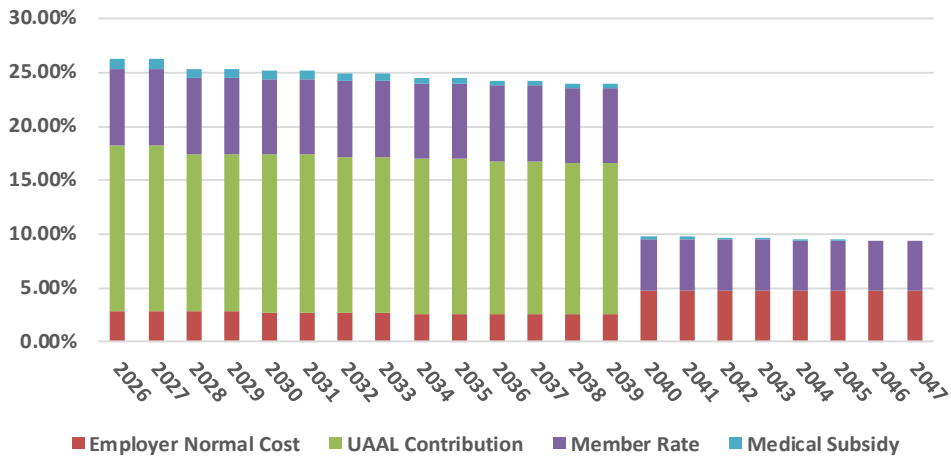
Teachers Pension

Remaining Amortization Payments and Balances

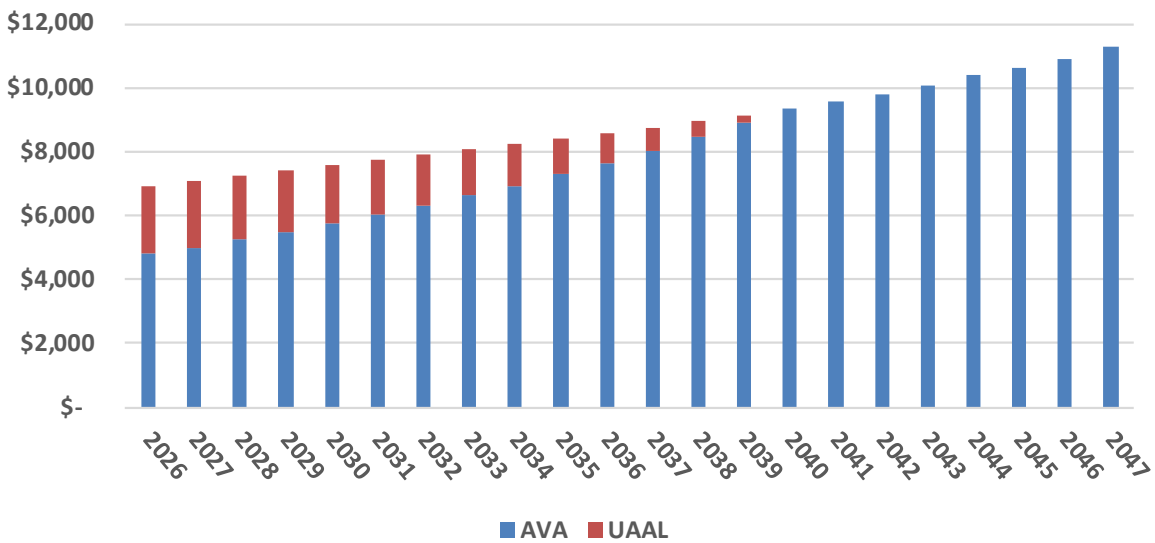


Contribution Projections – Teachers

Projection of Contribution Rates (% of Payroll)



Projection of UAAL (\$Millions)



Police Pension Development of Pension Actuarial Liabilities June 30, 2025

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 1,574,634,184	\$ 398,039,032	\$ 1,176,595,152
Disability benefits likely to be paid to present active members	101,561,186	75,373,555	26,187,631
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	15,622,380	10,492,690	5,129,690
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	164,883,608	151,534,025	13,349,583
Benefits likely to be paid to current inactive and vested deferred members	54,334,748	-	54,334,748
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	2,405,313,082	-	2,405,313,082
Total	\$ 4,316,349,188	\$ 635,439,302	\$ 3,680,909,886
Actuarial Value of Assets	\$ 2,640,699,793	-	\$ 2,640,699,793
Expected State Appropriation for House Bill (HB) 282 [^]	\$ 10,005,000	-	\$ 10,005,000
Liabilities to be Covered by Future Contributions	\$ 1,665,644,395	\$ 635,439,302	\$ 1,030,205,093
Funded Ratio			71.9%

[^] An appropriation of \$14.5 million (for Group II in total) was made by the State in FY 2026 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 282. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2025 by approximately \$10.0 million for Police to offset some of the increase in actuarial accrued liabilities resulting from the benefit provision change.



Police Pension

Development of Employer Contribution Rates

Amortization of Unfunded Actuarial Accrued Liability Schedule

Source of UAAL For Year Ending	Projected 6/30/2027 UAAL Amount	Remaining Financing Period 6/30/2027	Amort. Factor	FY 2028 Contribution	
				Dollar	% of Payroll
Initial Unfunded Actuarial Accrued Liability					
6/30/2017	\$ 754,468,184	12 yrs.	9.615236	\$ 78,465,901	17.68%
(Gain) Loss From Experience					
6/30/2019	1,215,077	14 yrs.	10.853632	111,951	0.03%
6/30/2021	(75,121,887)	16 yrs.	12.006549	(6,256,742)	(1.41%)
6/30/2023	56,388,096	18 yrs.	13.079888	4,311,053	0.97%
6/30/2025	3,578,879	20 yrs.	14.079141	254,197	0.06%
Changes From Updated Actuarial Assumptions and Methods					
6/30/2019	161,724,089	14 yrs.	10.853632	14,900,458	3.36%
6/30/2023	8,212,723	18 yrs.	13.079888	627,889	0.14%
Changes From Updated Benefits					
6/30/2019	13,617,124	14 yrs.	10.853632	1,254,614	0.28%
6/30/2023	(7,166,881)	18 yrs.	13.079888	(547,931)	(0.12%)
6/30/2025 (Excludes HB282)	297,496	20 yrs.	14.079141	21,130	0.00%
6/30/2025 HB282	48,251,036	20 yrs.	14.079141	3,427,129	0.77%
Totals	\$ 965,463,936			\$ 96,569,649	21.76%



Police Pension Unfunded Actuarial Accrued Liability Payoff Projection (\$ in Millions)

Year	Fiscal Year Ending June 30,	Employer	Projected Payroll	UAAL			End of Year Funded Ratio
		Contribution Rates UAAL Payment*		Beginning of Year	UAAL Payment	UAAL End of Year	
	2026	23.00%	\$ 418	\$ 1,030	\$ 96	\$ 1,000	73.6%
	2027	23.00%	431	1,000	99	965	75.3%
1	2028	21.76%	444	965	97	931	76.9%
2	2029	21.76%	457	931	99	891	78.5%
3	2030	21.76%	471	891	102	845	80.2%
4	2031	21.76%	485	845	106	793	82.0%
5	2032	21.76%	500	793	109	734	83.8%
6	2033	21.76%	514	734	112	668	85.7%
7	2034	21.76%	530	668	115	594	87.7%
8	2035	21.76%	546	594	119	511	89.7%
9	2036	21.76%	562	511	122	420	91.8%
10	2037	21.76%	579	420	126	318	94.0%
11	2038	21.76%	596	318	130	205	96.2%
12	2039	21.76%	614	205	134	81	98.6%
13	2040	4.08%	633	81	26	60	99.0%
14	2041	4.08%	652	60	27	36	99.4%
15	2042	0.41%	671	36	3	36	99.4%
16	2043	0.41%	691	36	3	35	99.5%
17	2044	1.82%	712	35	13	24	99.6%
18	2045	1.82%	734	24	13	12	99.8%
19	2046	0.83%	756	12	6	6	99.9%
20	2047	0.83%	778	6	6	0	100.0%

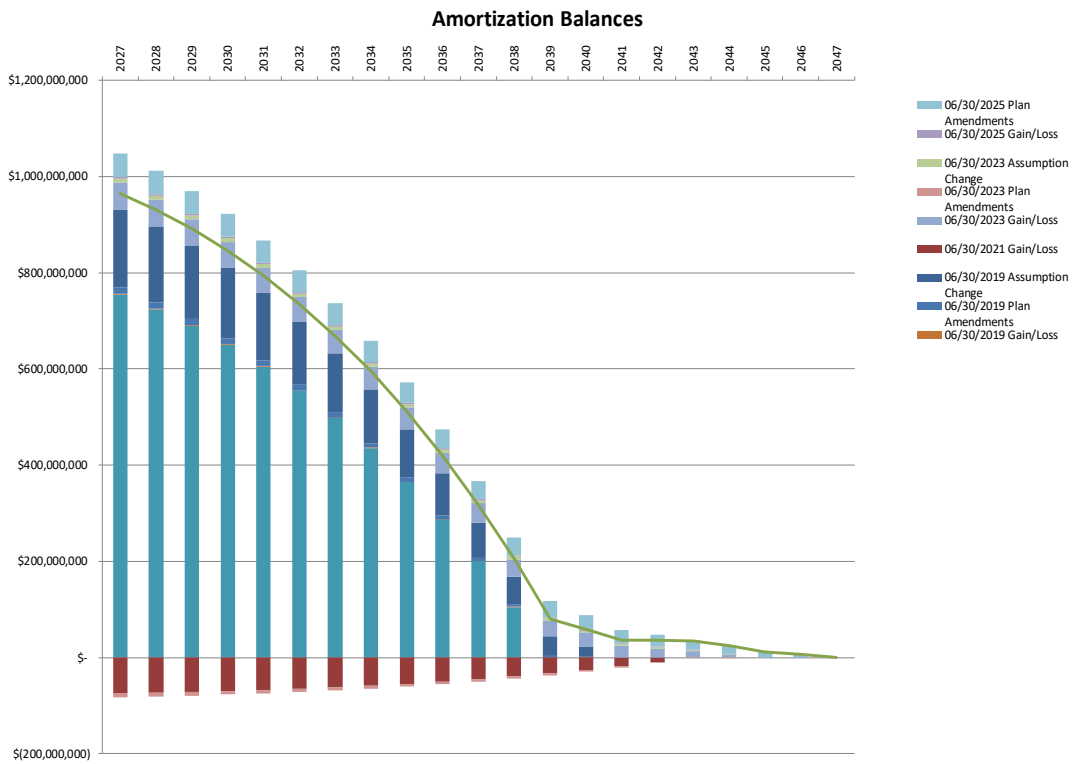
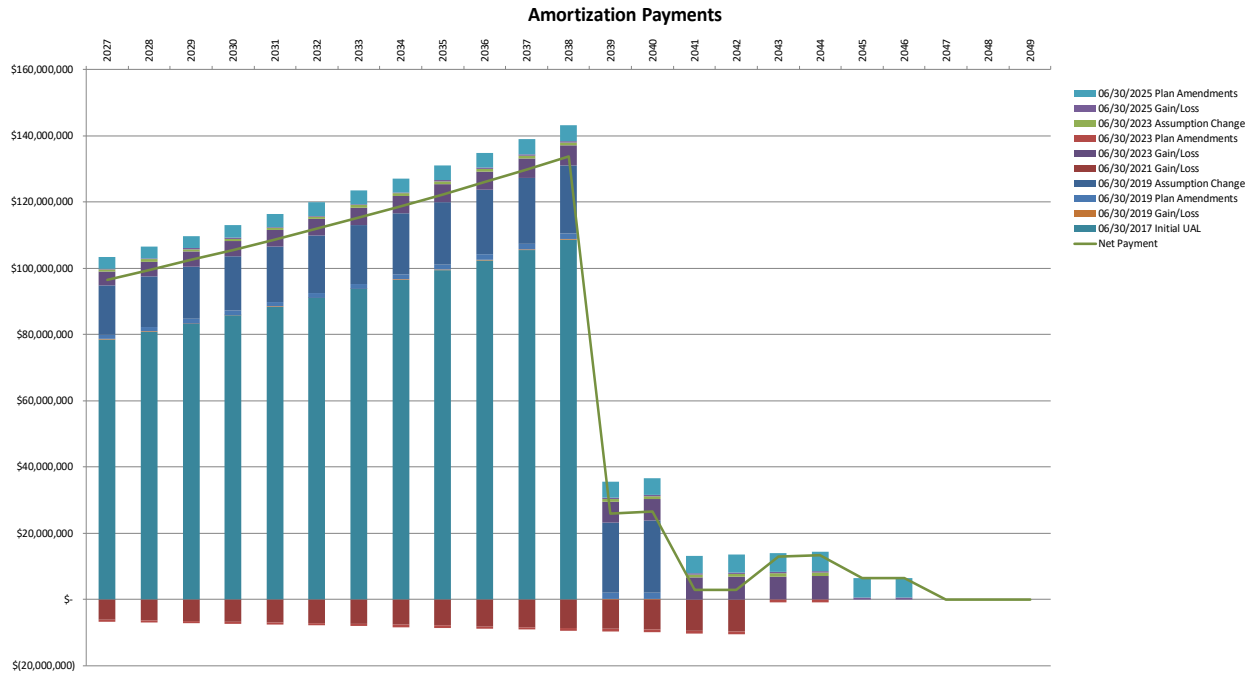
* UAAL rates for the first biennium are based on the adopted rates from the previous rate setting valuation less the employer normal cost from this valuation.

The funded ratio is projected in this amortization schedule assuming all actuarial assumptions are exactly met. Projections are not predictions of specific future events and do not provide numeric precision in absolute terms. It is important to understand that actual experience will differ from the projections shown on this page. When experience differs from the assumptions, as it often does, the employer's contribution rate can vary from year-to-year.



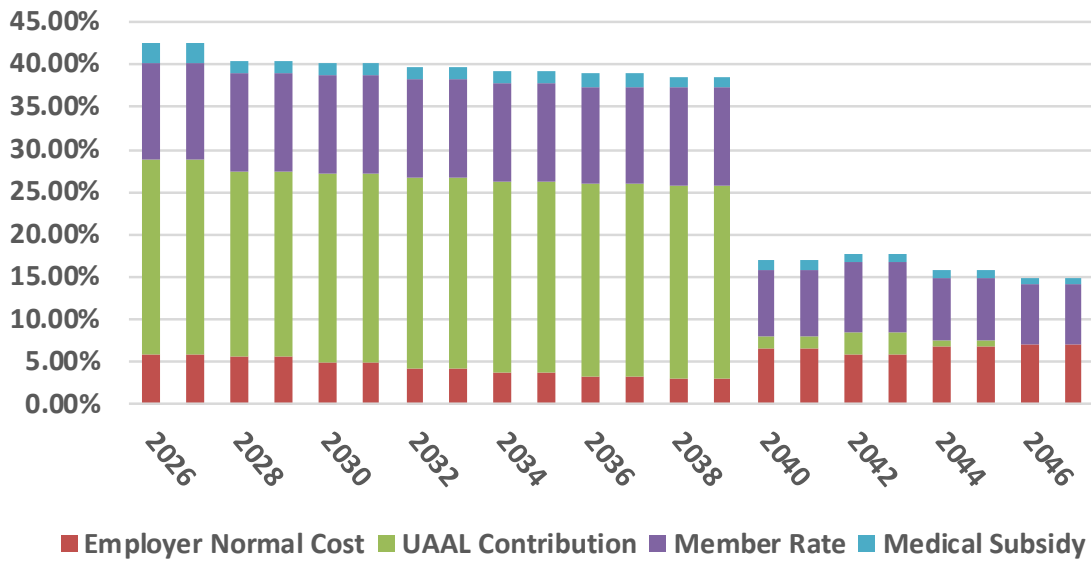
Police Pension

Remaining Amortization Payments and Balances

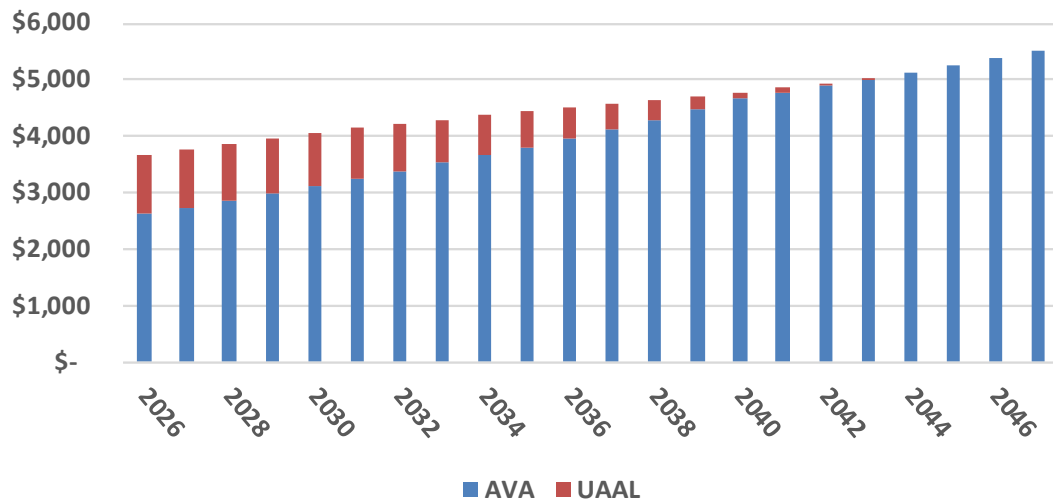


Contribution Projections – Police

Projection of Contribution Rates (% of Payroll)



Projection of UAAL (\$Millions)



Fire Pension

Development of Pension Actuarial Liabilities

June 30, 2025

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 852,775,602	\$ 264,972,628	\$ 587,802,974
Disability benefits likely to be paid to present active members	31,079,369	30,178,737	900,632
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	9,503,500	6,384,539	3,118,961
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	30,310,813	30,486,818	(176,005)
Benefits likely to be paid to current inactive and vested deferred members	17,540,631	-	17,540,631
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	1,080,743,629	-	1,080,743,629
Total	\$ 2,021,953,544	\$ 332,022,722	\$ 1,689,930,822
Actuarial Value of Assets	\$ 1,275,041,189	\$ -	\$ 1,275,041,189
Expected State Appropriation for House Bill (HB) 282 [^]	\$ 4,495,000	\$ -	\$ 4,495,000
Liabilities to be Covered by Future Contributions	\$ 742,417,355	\$ 332,022,722	\$ 410,394,633
Funded Ratio			75.7%

[^] An appropriation of \$14.5 million (for Group II in total) was made by the State in FY 2026 to offset the increase in actuarial accrued liabilities as a result of the adoption of HB 282. We have reduced the unfunded actuarial accrued liabilities as of June 30, 2025 by approximately \$4.5 million for Fire to offset some of the increase in actuarial accrued liabilities resulting from the benefit provision change.



Fire Pension

Development of Employer Contribution Rates

Amortization of Unfunded Actuarial Accrued Liability Schedule

Source of UAAL For Year Ending	Projected 6/30/2027 UAAL Amount	Remaining Financing Period 6/30/2027	Amort. Factor	FY 2028 Contribution	
				Dollar	% of Payroll
Initial Unfunded Actuarial Accrued Liability					
6/30/2017	\$ 326,098,598	12 yrs.	9.615236	\$ 33,914,777	17.12%
(Gain) Loss From Experience					
6/30/2019	(15,637,880)	14 yrs.	10.853632	(1,440,797)	(0.73%)
6/30/2021	(1,042,689)	16 yrs.	12.006549	(86,843)	(0.04%)
6/30/2023	5,317,545	18 yrs.	13.079888	406,544	0.21%
6/30/2025	(5,034,041)	20 yrs.	14.079141	(357,553)	(0.18%)
Changes From Updated Actuarial Assumptions and Methods					
6/30/2019	50,979,567	14 yrs.	10.853632	4,697,005	2.37%
6/30/2023	(1,254,288)	18 yrs.	13.079888	(95,894)	(0.05%)
Changes From Updated Benefits					
6/30/2019	6,139,399	14 yrs.	10.853632	565,654	0.29%
6/30/2023	(4,219,791)	18 yrs.	13.079888	(322,617)	(0.16%)
6/30/2025 (Excludes HB282)	3,446,836	20 yrs.	14.079141	244,819	0.12%
6/30/2025 HB282	15,300,442	20 yrs.	14.079141	1,086,745	0.55%
Totals	\$ 380,093,698			\$ 38,611,840	19.50%



Fire Pension

Unfunded Actuarial Accrued Liability Payoff Projection (\$ in Millions)

Year	Fiscal Year Ending June 30,	Employer Contribution Rates		Projected Payroll	UAAL Beginning of Year	UAAL Payment	UAAL End of Year	End of Year Funded Ratio
		UAAL Payment*						
	2026	21.64%		\$ 187	\$ 410	\$ 40	\$ 396	77.2%
	2027	21.64%		192	396	42	380	78.8%
1	2028	19.50%		198	380	39	366	80.2%
2	2029	19.50%		204	366	40	349	81.7%
3	2030	19.50%		210	349	41	331	83.2%
4	2031	19.50%		216	331	42	309	84.7%
5	2032	19.50%		223	309	43	285	86.3%
6	2033	19.50%		230	285	45	258	88.0%
7	2034	19.50%		237	258	46	228	89.7%
8	2035	19.50%		244	228	48	195	91.4%
9	2036	19.50%		251	195	49	157	93.3%
10	2037	19.50%		258	157	50	116	95.2%
11	2038	19.50%		266	116	52	70	97.2%
12	2039	19.50%		274	70	53	19	99.2%
13	2040	2.38%		282	19	7	14	99.5%
14	2041	2.38%		291	14	7	8	99.7%
15	2042	0.45%		300	8	1	7	99.8%
16	2043	0.45%		309	7	1	6	99.8%
17	2044	0.49%		318	6	2	5	99.8%
18	2045	0.49%		327	5	2	3	99.9%
19	2046	0.49%		337	3	2	2	99.9%
20	2047	0.49%		347	2	2	0	100.0%

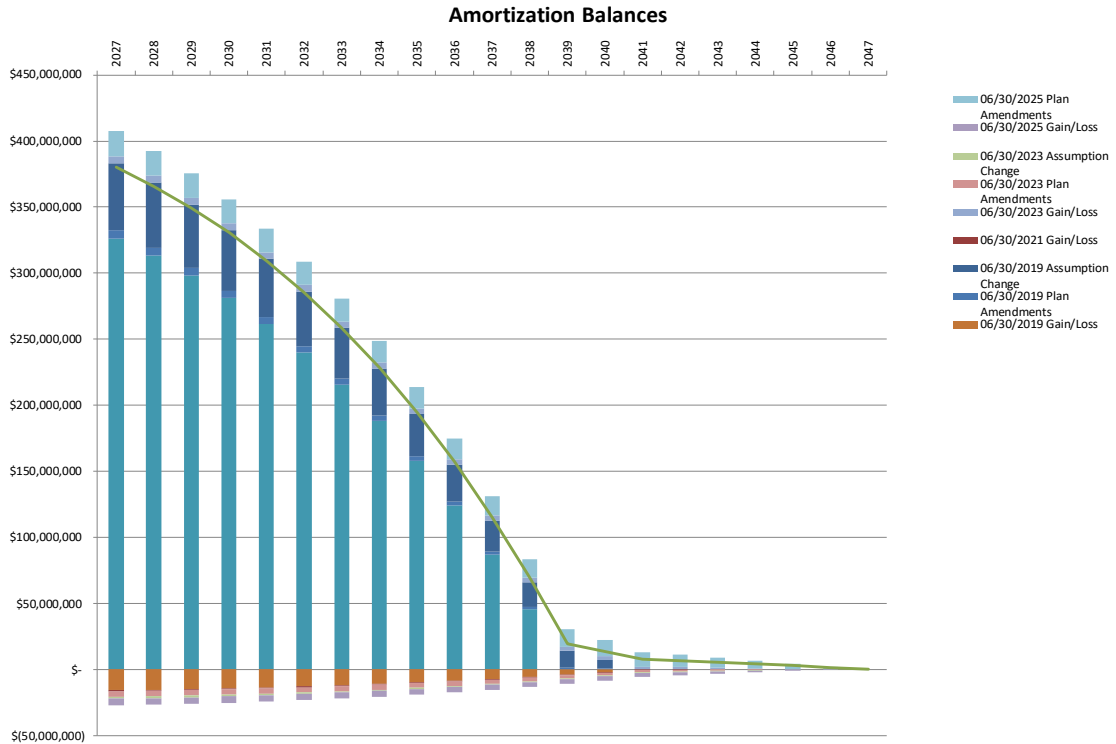
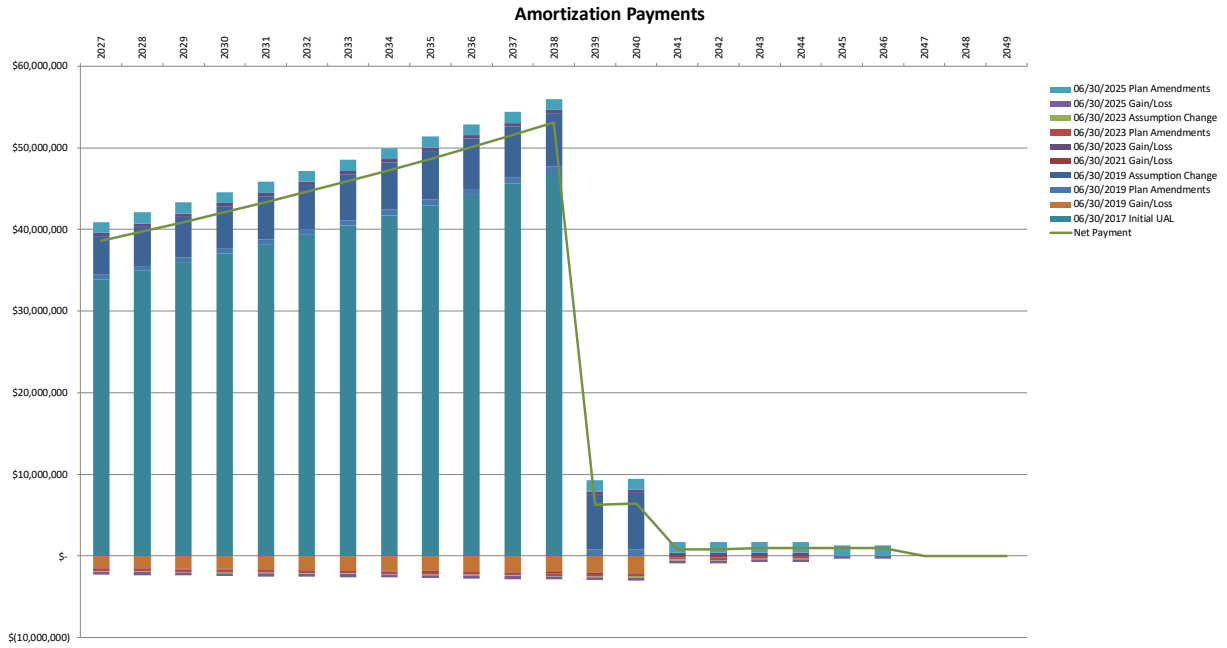
* UAAL rates for the first biennium are based on the adopted rates from the previous rate setting valuation less the employer normal cost from this valuation.

The funded ratio is projected in this amortization schedule assuming all actuarial assumptions are exactly met. Projections are not predictions of specific future events and do not provide numeric precision in absolute terms. It is important to understand that actual experience will differ from the projections shown on this page. When experience differs from the assumptions, as it often does, the employer's contribution rate can vary from year-to-year.



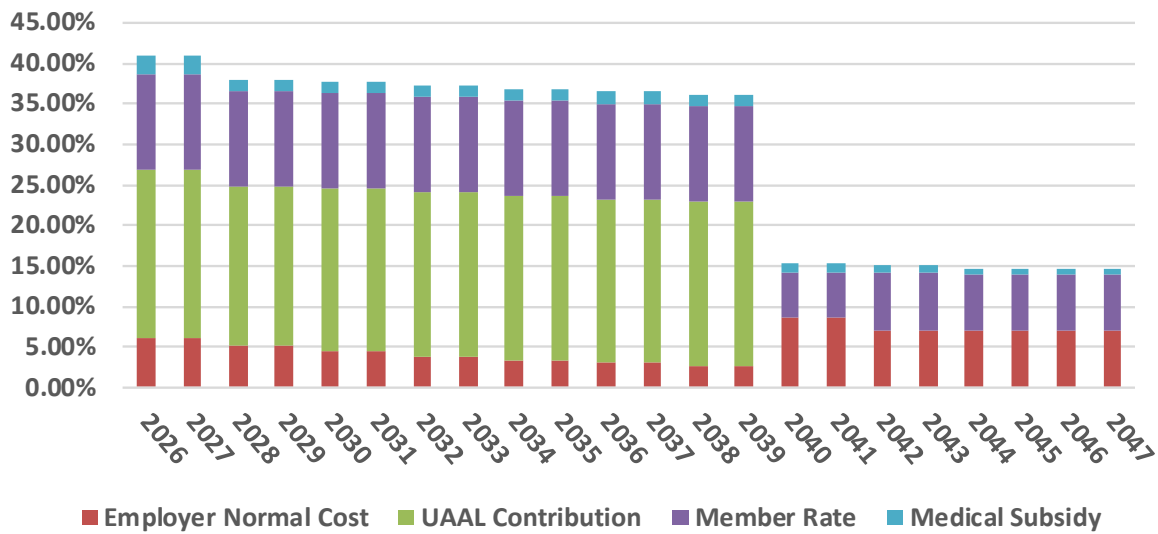
Fire Pension

Remaining Amortization Payments and Balances

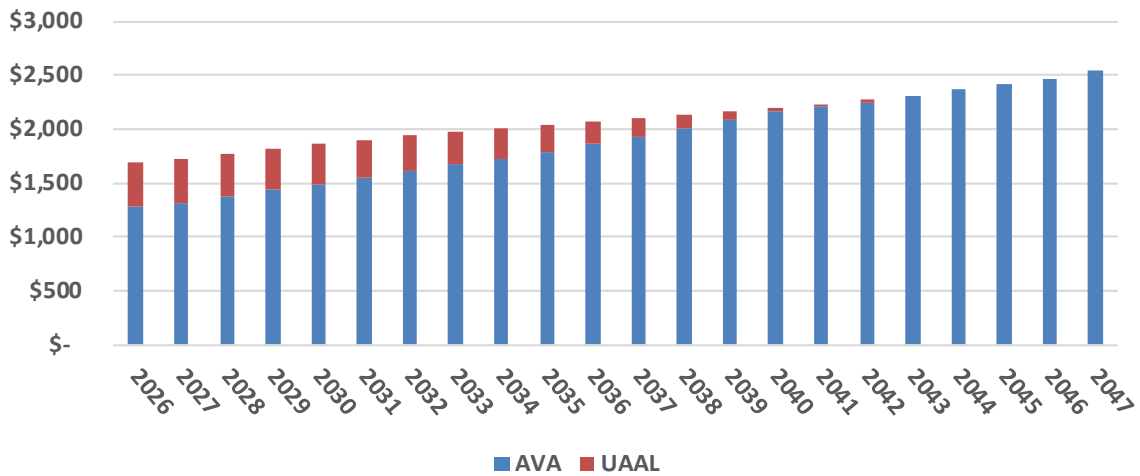


Contribution Projections – Fire

Projection of Contribution Rates (% of Payroll)



Projection of UAAL (\$Millions)



Contribution Projections – Discussion

Projection results are useful in demonstrating changing relationships among key elements affecting system financial activity. For example, it demonstrates how benefits and system assets will grow in future decades. Projections are not predictions of specific future events and do not provide numeric precision in absolute terms. For instance, cash flows projected to occur 10 years in the future will not be exact (except by coincidence), but understanding the changing relationships between future benefit payouts and future investment return can be very useful. It is important to understand that actual experience will differ from the projections.

The actuarial projections of retirement and medical subsidy benefits are based on the regular valuation assumptions of NHRS including an open active group with constant population (Teachers' active population is assumed to decline 0.50% per year). The projections lead to some general observations:

1. Employer contribution rates are projected to be stable and gradually decline throughout the projection period. The expected gradual decline is due to the lower normal cost for post-July 1, 2011 hires and declining medical subsidy contributions as a percent of payroll. Normal cost is expected to increase each year with generational mortality. Note that for the current valuation, the determination of the UAAL amortization assumes no future asset gains or losses.
2. The funded ratio is projected to increase steadily to 100% by the end of the projection period. The statutory amortization period is projected to fully fund the initial UAAL by June 30, 2039, in the absence of future gains and losses. The June 30, 2019 gains and losses, assumptions and method changes are projected to be fully amortized by June 30, 2041. The June 30, 2021 gains and losses, assumptions and method changes are projected to be fully amortized by June 30, 2043. The June 30, 2023 gains and losses, assumptions and benefit changes are projected to be fully amortized by June 30, 2045. The June 30, 2025 gains and losses, assumptions and benefit changes are projected to be fully amortized by June 30, 2047.
3. The projections of the unfunded actuarial accrued liability payoff do not reflect certain factors that are reflected in the contribution projections. For example, the contribution projections reflect the phase-in of unrecognized investment gains and losses as of June 30, 2025.
4. The projection is highly sensitive to the actual and expected profile of new hires. As the group of those hired on or after July 1, 2011 grows, the projection results may fluctuate from one year to the next until the population stabilizes.

Medical Subsidy

Determination of Unfunded Actuarial Accrued Liability as of June 30, 2025

	State Employees	Political Subdivision Employees	Teachers	Police & Fire	Total
A. Present Value of Future Medical Benefits					
1. Retirees and Beneficiaries	\$ 23,458,676	\$ 28,236,670	\$ 145,823,611	\$ 197,736,041	\$ 395,254,998
2. Vested Terminated Members	-	-	-	-	-
3. Active Members	-	-	-	28,560,213	28,560,213
Total Present Value of Future Medical Benefits	23,458,676	28,236,670	145,823,611	226,296,254	423,815,211
B. Present Value of Future Employer Normal Costs	-	-	-	3,908,583	3,908,583
C. Present Value of Future Contributions from Current Active Members	-	-	-	-	-
D. Actuarial Medical Accrued Liability (A.-B.-C.)	23,458,676	28,236,670	145,823,611	222,387,671	419,906,628
E. 401(h) Subtrust Actuarial Value of Assets	5,972,304	7,454,009	13,950,012	26,317,322	53,693,647
F. Unfunded Actuarial Accrued Liability (D.-E.)	\$ 17,486,372	\$ 20,782,661	\$ 131,873,599	\$ 196,070,349	\$ 366,212,981

The Unfunded Actuarial Accrued Liability (UAAL) shown here is for funding purposes using a discount rate of 3.00% per year. This differs from the Net OPEB Liability reported under GASB Statement No. 74 for accounting and reporting purposes.



Determination of Medical Subsidy Contribution Rates

There are four separate 401(h) member classifications: State Employees, Political Subdivision Employees, Teachers and Police/Fire.

Under New Hampshire Statute, contribution rates to the 401(h) sub-trust are determined as the lesser of 25% of the employers' total contributions or the actuarial required contribution rate that keeps the medical subsidy sub-trust solvent (the "solvency rate"). Under IRS Regulations, 401(h) sub-trust contributions are limited by 25% of the total contributions to the plan (other than contributions to fund past service credits). NHRS maintains the historical information for determining compliance with IRC Section 401(h). A test for compliance with IRC Section 401(h) was outside the scope of this valuation.

The 401(h) cash flow projections on the following pages are used to develop the employer contribution rates for the medical subsidy. The medical subsidy contribution rates are the computed amounts needed for pay-as-you-go financing of the retiree medical subsidy with a 20% margin for adverse experience (50% for Teachers) by June 30, 2029 and to maintain that margin thereafter.

For purposes of determining the contribution rates for the 2028-2029 biennium, we have assumed that benefits for all members receiving a benefit on the valuation date and those Group I eligible members not yet age 60 get paid. In addition, there are a significant number of eligible members who are not receiving benefits, particularly for Group I. 25% of those who opted-out of receiving benefits are assumed to opt-back in on the valuation date.

It is imperative that NHRS monitor collections closely to ensure the necessary funds are collected to provide the benefit.

NHRS – 401(h) Cash Flow Projections June 30, 2025

State Employees

Year Ending	Valuation Pay	Employer Contributions			Benefits and Expenses Paid	Solvency Assets	Projected Margin
		Rate -- Total	Rate -- Health	Dollars -- Health			
6/30/2025	\$ 726,590,557					\$6,083,029	
6/30/2026	748,388,274	12.87%	0.34%	\$2,544,520	\$3,004,589	6,018,037	207%
6/30/2027	770,839,922	12.87%	0.34%	2,620,856	2,789,834	6,249,574	232%
6/30/2028	793,965,120	11.48%	0.12%	952,758	2,580,044	4,989,213	200%
6/30/2029	817,784,074	11.48%	0.12%	981,341	2,382,638	3,877,395	168%
6/30/2030	842,317,596	11.48%	0.12%	1,010,781	2,188,562		
6/30/2031	867,587,124	11.48%	0.12%	1,041,105	1,998,698		
6/30/2032	893,614,738	11.48%	0.12%	1,072,338	1,817,601		
6/30/2033	920,423,180	11.48%	0.12%	1,104,508	1,641,637		
6/30/2034	948,035,875	11.48%	0.12%	1,137,643	1,476,091		
6/30/2035	976,476,951	11.48%	0.12%	1,171,772	1,320,215		
6/30/2036	1,005,771,260	11.48%	0.12%	1,174,405	1,174,405		
6/30/2037	1,035,944,398	11.46%	0.10%	1,039,362	1,039,362		
6/30/2038	1,067,022,730	11.45%	0.09%	915,016	915,016		
6/30/2039	1,099,033,412	11.43%	0.07%	802,070	802,070		
6/30/2040	1,132,004,414	11.42%	0.06%	699,714	699,714		
6/30/2041	1,165,964,546	11.41%	0.05%	607,723	607,723		
6/30/2042	1,200,943,482	11.40%	0.04%	525,728	525,728		
6/30/2043	1,236,971,786	11.40%	0.04%	453,238	453,238		
6/30/2044	1,274,080,940	11.39%	0.03%	389,648	389,648		
6/30/2045	1,312,303,368	11.39%	0.03%	334,261	334,261		
6/30/2046	1,351,672,469	11.38%	0.02%	286,318	286,318		
6/30/2047	1,392,222,643	11.38%	0.02%	245,022	245,022		



NHRS – 401(h) Cash Flow Projections June 30, 2025

Political Subdivision Employees

Year Ending	Valuation Pay	Employer Contribution			Benefits and Expenses Paid	Solvency Assets	Projected Margin
		Rate -- Total	Rate -- Health	Dollars -- Health			
6/30/2025	\$ 888,234,693					\$ 7,592,205	
6/30/2026	914,881,734	12.75%	0.22%	\$ 2,012,740	\$3,436,959	6,632,392	199%
6/30/2027	942,328,186	12.75%	0.22%	2,073,122	3,250,312	5,863,159	186%
6/30/2028	970,598,032	11.51%	0.15%	1,455,897	3,059,441	4,601,258	155%
6/30/2029	999,715,973	11.51%	0.15%	1,499,574	2,865,294	3,500,030	126%
6/30/2030	1,029,707,452	11.51%	0.15%	1,544,561	2,668,935		
6/30/2031	1,060,598,676	11.51%	0.15%	1,590,898	2,471,549		
6/30/2032	1,092,416,636	11.51%	0.15%	1,638,625	2,274,444		
6/30/2033	1,125,189,135	11.51%	0.15%	1,687,784	2,079,037		
6/30/2034	1,158,944,809	11.51%	0.15%	1,738,417	1,886,847		
6/30/2035	1,193,713,153	11.50%	0.14%	1,699,448	1,699,448		
6/30/2036	1,229,524,548	11.48%	0.12%	1,518,408	1,518,408		
6/30/2037	1,266,410,284	11.47%	0.11%	1,345,226	1,345,226		
6/30/2038	1,304,402,593	11.45%	0.09%	1,181,267	1,181,267		
6/30/2039	1,343,534,671	11.44%	0.08%	1,027,712	1,027,712		
6/30/2040	1,383,840,711	11.42%	0.06%	885,519	885,519		
6/30/2041	1,425,355,932	11.41%	0.05%	755,402	755,402		
6/30/2042	1,468,116,610	11.40%	0.04%	637,798	637,798		
6/30/2043	1,512,160,108	11.40%	0.04%	532,852	532,852		
6/30/2044	1,557,524,911	11.39%	0.03%	440,411	440,411		
6/30/2045	1,604,250,658	11.38%	0.02%	360,050	360,050		
6/30/2046	1,652,378,178	11.38%	0.02%	291,118	291,118		
6/30/2047	1,701,949,523	11.37%	0.01%	232,777	232,777		



NHRS – 401(h) Cash Flow Projections June 30, 2025

Teachers

Year Ending	Valuation Pay	Employer Contributions			Benefits and Expenses Paid	Solvency Assets	Projected Margin
		Rate -- Total	Rate -- Health	Dollars -- Health			
6/30/2025	\$ 1,325,095,849					\$ 14,208,643	
6/30/2026	1,358,223,245	19.23%	0.95%	\$ 12,903,121	\$15,435,590	12,549,787	82%
6/30/2027	1,392,178,826	19.23%	0.95%	13,225,699	14,818,388	11,750,455	80%
6/30/2028	1,426,983,297	18.26%	0.77%	10,987,771	14,171,335	9,252,601	66%
6/30/2029	1,462,657,879	18.26%	0.77%	11,262,466	13,497,833	7,566,341	56%
6/30/2030	1,499,224,326	18.26%	0.77%	11,544,027	12,798,765		
6/30/2031	1,536,704,934	18.26%	0.77%	11,832,628	12,076,785		
6/30/2032	1,575,122,557	18.21%	0.72%	11,335,169	11,335,169		
6/30/2033	1,614,500,621	18.15%	0.66%	10,576,423	10,576,423		
6/30/2034	1,654,863,137	18.08%	0.59%	9,807,811	9,807,811		
6/30/2035	1,696,234,715	18.02%	0.53%	9,033,550	9,033,550		
6/30/2036	1,738,640,583	17.97%	0.48%	8,259,302	8,259,302		
6/30/2037	1,782,106,598	17.91%	0.42%	7,491,481	7,491,481		
6/30/2038	1,826,659,263	17.86%	0.37%	6,736,899	6,736,899		
6/30/2039	1,872,325,745	17.81%	0.32%	6,002,521	6,002,521		
6/30/2040	1,919,133,889	17.77%	0.28%	5,295,281	5,295,281		
6/30/2041	1,967,112,236	17.72%	0.23%	4,621,934	4,621,934		
6/30/2042	2,016,290,042	17.69%	0.20%	3,988,796	3,988,796		
6/30/2043	2,066,697,293	17.65%	0.16%	3,401,411	3,401,411		
6/30/2044	2,118,364,725	17.63%	0.14%	2,864,240	2,864,240		
6/30/2045	2,171,323,843	17.60%	0.11%	2,380,424	2,380,424		
6/30/2046	2,225,606,939	17.58%	0.09%	1,951,626	1,951,626		
6/30/2047	2,281,247,112	17.56%	0.07%	1,577,940	1,577,940		



NHRS – 401(h) Cash Flow Projections June 30, 2025

Police and Fire

Year Ending	Valuation Pay	Employer Contributions			Benefits and Expenses Paid	Solvency Assets	Projected Margin
		Rate -- Total	Rate -- Health	Dollars -- Health			
6/30/2025	\$ 587,444,325					\$ 26,805,240	
6/30/2026	605,067,655	N/A	2.23%	\$ 13,493,009	\$15,968,902	26,055,139	164%
6/30/2027	623,219,685	N/A	2.23%	13,897,799	15,889,638	25,754,797	163%
6/30/2028	641,916,276	N/A	1.50%	9,628,744	15,672,669	21,245,338	137%
6/30/2029	661,173,764	N/A	1.50%	9,917,606	15,397,499	17,014,559	111%
6/30/2030	681,008,977	N/A	1.50%	10,215,135	15,048,660		
6/30/2031	701,439,246	N/A	1.50%	10,521,589	14,638,503		
6/30/2032	722,482,423	N/A	1.50%	10,837,236	14,182,926		
6/30/2033	744,156,896	N/A	1.50%	11,162,353	13,690,685		
6/30/2034	766,481,603	N/A	1.50%	11,497,224	13,203,271		
6/30/2035	789,476,051	N/A	1.50%	11,842,141	12,692,151		
6/30/2036	813,160,333	N/A	1.50%	12,195,781	12,195,781		
6/30/2037	837,555,143	N/A	1.39%	11,669,678	11,669,678		
6/30/2038	862,681,797	N/A	1.29%	11,155,778	11,155,778		
6/30/2039	888,562,251	N/A	1.20%	10,619,359	10,619,359		
6/30/2040	915,219,119	N/A	1.10%	10,097,926	10,097,926		
6/30/2041	942,675,693	N/A	1.02%	9,601,505	9,601,505		
6/30/2042	970,955,964	N/A	0.94%	9,095,851	9,095,851		
6/30/2043	1,000,084,643	N/A	0.86%	8,613,855	8,613,855		
6/30/2044	1,030,087,182	N/A	0.79%	8,139,810	8,139,810		
6/30/2045	1,060,989,797	N/A	0.72%	7,670,181	7,670,181		
6/30/2046	1,092,819,491	N/A	0.66%	7,224,051	7,224,051		
6/30/2047	1,125,604,076	N/A	0.60%	6,791,858	6,791,858		



SECTION C

FUND ASSETS

Comparative Balance Sheet at Market Value Pension and Medical Subsidy[^]

	June 30, 2025	June 30, 2024
ASSETS		
Cash & Cash Equivalents	\$ 372,078,023	\$ 364,998,381
RECEIVABLES		
Due from Employers	\$ 71,958,038	\$ 72,929,120
Due from Plan Members	28,778,208	28,929,297
Due from Brokers for Securities Sold	10,734,208	18,066,260
Interest & Dividends	23,096,151	19,361,922
Other	11,459,051	11,664,652
Total Receivables	\$ 146,025,656	\$ 150,951,251
INVESTMENTS		
Equity Investments		
Domestic	\$ 4,683,958,664	\$ 4,936,199,236
International	1,829,847,509	1,217,851,892
Fixed Income Investments		
Domestic	2,801,671,339	2,205,665,580
International	217,983,883	73,314,209
Real Estate	1,107,467,289	1,127,946,620
Alternative Investments	2,306,643,481	2,291,255,110
Total Investments	\$ 12,947,572,165	\$ 11,852,232,647
Other Assets	11,508,238	11,380,032
TOTAL ASSETS	\$ 13,477,184,082	\$ 12,379,562,311
LIABILITIES		
Management Fees & Other Payables	\$ 12,863,094	\$ 14,254,729
Due to Brokers for Securities Purchased	16,347,367	24,783,814
TOTAL LIABILITIES	\$ 29,210,462	\$ 39,038,543
NET ASSETS HELD IN TRUST FOR BENEFITS	\$ 13,447,973,621	\$ 12,340,523,769

[^] Totals may not add due to rounding.



Reconciliation of System Assets[^] (in Millions)

Item	June 30, 2025					Total
	Employees	Teachers	Police#	Fire#		
A. Market Value of Assets at Beginning of Year	\$ 4,145,956	\$ 4,515,842	\$ 2,485,997	\$ 1,192,729	\$	12,340,524
B. Revenues and Expenditures						
1. Contributions						
a. Employee Contributions	\$ 115,322	\$ 93,476	\$ 47,757	\$ 21,549	\$	278,104
b. Employer Contributions	224,898	262,819	148,662	62,467		698,846
c. Total	\$ 340,220	\$ 356,295	\$ 196,419	\$ 84,016	\$	976,950
2. Investment Return						
a. Interest, Dividends, and Other Income	\$ 96,043	\$ 103,356	\$ 57,633	\$ 27,760	\$	284,792
b. Net Realized and Unrealized Gains/(Losses)	341,848	369,555	205,047	99,099		1,015,549
c. Investment Expenses	(18,123)	(19,555)	(10,865)	(5,225)		(53,768)
d. Net Investment Income	\$ 419,768	\$ 453,356	\$ 251,815	\$ 121,634	\$	1,246,573
3. Benefits and Refunds						
a. Refunds	\$ (16,132)	\$ (7,313)	\$ (5,859)	\$ (699)	\$	(30,003)
b. Regular Monthly Benefits	(344,814)	(391,961)	(197,558)	(92,500)		(1,026,833)
c. Partial Lump-Sum Benefits Paid	(2,625)	(568)	(424)	(164)		(3,781)
d. Medical Premium Subsidy Payments	(6,610)	(15,801)	(9,487)	(5,467)		(37,365)
e. Total	\$ (370,181)	\$ (415,643)	\$ (213,328)	\$ (98,830)	\$	(1,097,982)
4. Administrative Expenses*	\$ (4,561)	\$ (4,809)	\$ (2,647)	\$ (1,208)	\$	(13,225)
5. Miscellaneous Expenses	\$ (1,639)	\$ (1,773)	\$ (982)	\$ (472)	\$	(4,866)
6. Interest Expense on OPEB Deficit	\$ -	\$ -	\$ -	\$ -	\$	-
7. Interest Income on OPEB Deficit	\$ -	\$ -	\$ (4,700)	\$ 4,700	\$	-
8. Transfers	\$ -	\$ -	\$ -	\$ -	\$	-
C. Market Value of Assets at End of Year	\$ 4,529,563	\$ 4,903,268	\$ 2,712,574	\$ 1,302,569	\$	13,447,974

401(h) subsidy income and expense reported by NHRS in total for Police and Fire was allocated by staff to be approximately 96% to Police and 4% to Fire for purposes of this schedule.

* Information regarding net cash flows for funding purposes is provided separately from the GASB Statement Nos. 67 and 74 information and may differ.

[^] Totals may not add due to rounding. System assets were rounded in millions due to insufficient data available for member classifications.



Development of Actuarial Value of Assets

Year Ended June 30:	2023	2024	2025	2026	2027	2028	2029
A. Actuarial Value Beginning of Year	\$ 10,895,279,638	\$ 11,545,899,326	\$ 12,244,586,126				
B. Market Value End of Year	11,509,543,587	12,340,523,769	13,447,973,621				
C. Market Value Beginning of Year	10,753,348,857	11,509,543,587	12,340,523,769				
D. Non-Investment Net Cash Flow*	(98,613,371)	(164,033,617)	(139,123,057)				
E. Investment Income							
E1. Market Total: B - C - D	854,808,101	995,013,799	1,246,572,909				
E2. Assumed Rate	6.75%	6.75%	6.75%				
E3. Amount for Immediate Recognition	732,103,174	773,812,070	821,814,160				
E4. Amount for Phased-In Recognition: E1-E3	122,704,927	221,201,729	424,758,749				
F. Phased-In Recognition of Investment Income							
F1. Current Year: 0.20 x E4	24,540,985	44,240,346	84,951,750				
F2. First Prior Year	(276,825,439)	24,540,985	44,240,346	\$ 84,951,750			
F3. Second Prior Year	399,004,181	(276,825,439)	24,540,985	44,240,346	\$ 84,951,750		
F4. Third Prior Year	(102,051,727)	399,004,181	(276,825,439)	24,540,985	44,240,346	\$ 84,951,750	
F5. Fourth Prior Year	(27,538,115)	(102,051,726)	399,004,183	(276,825,441)	24,540,987	44,240,345	\$ 84,951,749
F6. Total Recognized Investment Gain (Loss)	17,129,885	88,908,347	275,911,825	(123,092,360)	153,733,083	129,192,095	84,951,749
G. Preliminary Actuarial Value End of Year: A + D + E3 + F6	\$ 11,545,899,326	\$ 12,244,586,126	\$ 13,203,189,054				
H. Additional Recognized G/L due to Corridor	-	-	-				
I. Final Actuarial Value after 20% Corridor	\$ 11,545,899,326	\$ 12,244,586,126	\$ 13,203,189,054				
J. Difference between Market & Actuarial Value: B-I	\$ (36,355,739)	\$ 95,937,643	\$ 244,784,567				
K. Recognized Rate of Return	6.91%	7.53%	9.02%				
L. Market Rate of Return	7.99%	8.71%	10.31%				
M. Ratio of Actuarial Value to Market Value	100.32%	99.22%	98.18%				

* Information regarding net cash flows for funding purposes is provided separately from the GASB Statement Nos. 67 and 74 information and may differ. Total non-investment net cash flow includes \$1,684,966 in expenses that were unallocated in the GASB accounting statements and excludes an additional \$226,629 in contributions that were reported for the GASB accounting statements.

The Actuarial Value of Assets recognizes assumed investment income (line E3) fully each year. Differences between actual and assumed investment income (line E4) are phased-in over a closed five-year period. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than market value. The Actuarial Value of Assets is unbiased with respect to Market Value. At any time, it may be either greater or less than Market Value. If assumed rates are exactly realized for four consecutive years, it will become equal to Market Value. Final Actuarial Value of Assets may not be less than 80% nor more than 120% of Market Value of Assets.



Allocation of Assets June 30, 2025

	Employees	Teachers	Police	Fire	Total
Allocated Fund Assets (Actuarial Value)	\$ 4,447,113,544	\$ 4,814,017,206	\$ 2,663,198,786	\$ 1,278,859,518	\$ 13,203,189,054
Less Reserve for TSAs	0	0	0	0	0
Less 401(h) Account	13,426,313	13,950,012	22,498,993	3,818,329	53,693,647
Net Pension Valuation Assets	\$ 4,433,687,231	\$ 4,800,067,194	\$ 2,640,699,793	\$ 1,275,041,189	\$ 13,149,495,407

The Actuarial Value of Assets was allocated to the pension and medical subsidy plans based on the Market Value of those plans. The Actuarial Value of Assets was then further allocated to each fund (either pension or medical subsidy) based on the Market Value of those funds. The 401(h) account for Police and Fire is combined. The allocation between Police and Fire is based on the percentage of the medical subsidy market value of assets, as reported by the System.

SECTION D

PARTICIPANT DATA

Active Members by Valuation Division

Valuation Group	Active Members	Valuation Payroll	Average		
			Age	Service*	Pay
Employees:					
Male	9,928	\$ 704,517,856	47.7	10.0	\$70,963
Female	14,964	910,307,394	48.7	9.8	60,833
Total	24,892	1,614,825,250	48.3	9.9	64,873
Teachers:					
Male	3,626	285,181,692	46.4	14.5	78,649
Female	14,121	1,039,914,157	45.8	13.1	73,643
Total	17,747	1,325,095,849	46.0	13.4	74,666
Police:					
Male	3,408	349,915,901	38.7	10.7	102,675
Female	623	56,229,532	37.5	8.4	90,256
Total	4,031	406,145,433	38.5	10.4	100,756
Fire:					
Male	1,793	174,732,425	39.5	11.4	97,453
Female	79	6,566,467	34.2	6.7	83,120
Total	1,872	181,298,892	39.3	11.2	96,848
Total:					
Male	18,755	1,514,347,874	45.0	11.2	80,744
Female	29,787	2,013,017,550	47.1	11.3	67,580
Grand Total	48,542	\$3,527,365,424	46.3	11.3	\$72,666

* One month of service was added to the reported service for all active participants in consideration of potential subsidized service purchases in the future.

Valuation Group	Active Members	Valuation Payroll
Employees:		
State	9,892	\$ 726,590,557
Political Subdivisions	15,000	888,234,693
Subtotal	24,892	1,614,825,250
Teachers:	17,747	1,325,095,849
Police:		
State	1,009	120,410,757
Political Subdivisions	3,022	285,734,676
Subtotal	4,031	406,145,433
Fire:		
State	32	2,956,332
Political Subdivisions	1,840	178,342,560
Subtotal	1,872	181,298,892
Total	48,542	\$ 3,527,365,424

Summary of Membership Data by Category

	June 30					
	2025	2024	2023	2022	2021	2020
Active Members						
Number	48,542	48,989	48,589	48,687	48,582	48,479
Average age (years)	46.3	45.9	46.3	46.3	46.5	46.7
Average service* (years)	11.3	10.8	11.3	11.4	11.7	11.8
Average salary	\$ 72,666	\$ 69,025	\$ 65,408	\$ 63,212	\$ 61,195	\$ 59,711
Total payroll supplied, annualized	\$ 3,527,365,424	\$ 3,381,486,890	\$ 3,178,096,144	\$ 3,077,583,995	\$ 2,972,968,504	\$ 2,894,708,279
Vested Inactive Members						
Number	3,536	3,493	3,266	2,990	2,730	2,661
Average age (years)	52.6	52.5	52.2	52.3	52.3	52.2
Non-Vested Inactive Members						
Number	22,138	20,159	18,826	16,717	14,946	13,760
Service Retirees						
Number	39,895	39,729	38,186	37,151	35,896	34,683
Average age (years)	72.1	72.1	71.4	71.1	71.4	71.1
Total annual benefits	\$ 936,066,909	\$ 921,859,565	\$ 870,908,795	\$ 834,215,845	\$ 785,424,661	\$ 742,125,367
Average annual benefit	\$ 23,463	\$ 23,204	\$ 22,807	\$ 22,455	\$ 21,881	\$ 21,397
Disability Retirees						
Number	1,660	1,673	1,669	1,660	1,641	1,637
Average age (years)	65.7	65.7	65.0	64.9	65.2	65.0
Total annual benefits	\$ 39,265,461	\$ 39,237,276	\$ 37,280,563	\$ 35,830,123	\$ 34,495,906	\$ 33,711,570
Average annual benefit	\$ 23,654	\$ 23,453	\$ 22,337	\$ 21,584	\$ 21,021	\$ 20,594
Beneficiaries						
Number	3,999	3,928	3,748	3,604	3,437	3,292
Average age (years)	76.0	76.0	75.0	74.8	75.1	74.9
Total annual benefits	\$ 65,761,792	\$ 64,492,729	\$ 60,579,985	\$ 57,250,840	\$ 53,064,561	\$ 49,706,039
Average annual benefit	\$ 16,445	\$ 16,419	\$ 16,163	\$ 15,885	\$ 15,439	\$ 15,099
Total Covered Lives	119,770	117,971	114,284	110,809	107,232	104,512

* One month of service was added to the reported service for all active participants in consideration of potential subsidized service purchases in the future.



SECTION E

METHODS AND ASSUMPTIONS

Valuation Methods

Pension

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) The annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and
- (ii) Each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gain/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities are amortized by level (principal & interest combined) percent-of-payroll contributions from the contribution effective date. The unfunded liability as of June 30, 2017 shall be amortized through 2039. Each subsequent change in liability as calculated in odd-numbered years shall be separately amortized over a fixed period of no longer than 20 years.

The rate-setting valuations project the unfunded actuarial accrued liability to the beginning of the applicable biennium to determine the unfunded amortization rate. We projected the normal cost rates from the first year of the rate setting biennium to better reflect the impact of the changing benefit tiers and generational mortality. We developed projected normal cost rates based on a new entrant profile determined by the current active population with 3-8 years of service.

Medical Subsidy

Liabilities are determined under the entry-age actuarial cost method.

Under New Hampshire Statute, contribution rates to the 401(h) sub-trust are determined as the lesser of 25% of the employers' total contributions or the actuarial required contribution rate that keeps the medical subsidy sub-trust solvent (the "solvency rate"). Under IRS Regulations, 401(h) sub-trust contributions are limited by 25% of the total contributions to the plan (other than contributions to fund past service credits). NHRS maintains the historical information for determining compliance with IRC Section 401(h). A test for compliance with IRC Section 401(h) was outside the scope of this valuation.

Solvency rates for medical subsidy benefits are set such that a specified margin is established by the end of the biennium and for all future years thereafter. The margin is intended to mitigate the risk of insolvency due to adverse experience.

At the November 12, 2013 Board meeting, the Board elected to incorporate a 20% margin requirement for all four member classifications.

At the June 9, 2020 Board meeting, the Board elected to increase the margin for the Teachers group from 20% to 50%. No change to the margin requirement of 20% was made for the other groups.



Valuation Methods

Actuarial Value of Assets - The Actuarial Value of Assets recognizes assumed investment return fully each year. Differences between actual return on the Market Value of assets and assumed return on the Actuarial Value of Assets are phased-in over a closed five-year period. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than Market Value. The Actuarial Value of Assets is unbiased with respect to Market Value. At any time, it may be either greater or less than Market Value. If assumed rates are exactly realized for four consecutive years, it will become equal to Market Value. Actuarial Value is limited to a 20% corridor around the Market Value.

The Actuarial Value of Assets was allocated to the pension and medical subsidy plans based on the Market Value of those plans. The Actuarial Value of Assets was then further allocated to each fund (either pension or medical subsidy) based on the Market Value of those funds.

For purposes of determining the medical subsidy solvency rates, the Market Value of Assets was used for all group funds due to the short time horizon before these closed group funds are expected to become pay-as-you-go.

Development of Amortization Payment

The employer contribution rates determined by the 2025 valuation are for the 2028-2029 biennium. The Unfunded Actuarial Accrued Liability (UAAL) was determined using the Actuarial Value of Assets and Actuarial Accrued Liability calculated as of the valuation date. The UAAL amortization payment (one component of the contribution requirement), is the level percent of pay required to fully amortize the UAAL over multiple periods beginning on July 1, 2025. This UAAL payment reflects any payments expected to be made and interest to be accrued between the valuation date and the date contributions determined by this report are scheduled to begin. It was assumed that the entire pension contribution as determined by the June 30, 2023 valuation effective from July 1, 2025 to June 30, 2027 would be contributed to the net pension assets. The unfunded liability as of June 30, 2017 shall be amortized through 2039. Each subsequent change in liability as calculated in odd-numbered years shall be separately amortized over a fixed period of no longer than 20 years.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this section. All actuarial assumptions and the rationale for the assumptions are based on the July 1, 2019 to June 30, 2023 experience study.

All actuarial assumptions are expectations of future experience, not market measures. Under RSA 100-A:14 IX, the Board of Trustees sets the actuarial assumptions after consulting with the actuary.

Economic Assumptions

The investment return rate assumed in the valuations is 6.75% per year, compounded annually (net after investment expenses). **The investment return rate** assumed in the medical subsidy valuations is 3.00% per year, compounded annually (net after investment expenses) for purposes of computing accrued liabilities. However, for determining the solvency contribution rate for the medical subsidy account and GASB 74, the investment return rate assumption was 6.75% on the market value of assets.

The **Wage Inflation Rate** assumed in this valuation was 3.00% per year. The wage inflation rate is defined to be the portion of total pay increases for an individual that are due to macroeconomic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The **Price Inflation** assumption is 2.25% per year.

The assumed **Real Rate of Return** over wage inflation is defined to be the portion of total investment return that is more than the assumed total wage growth rate. Considering other economic assumptions, the 6.75% investment return rate translates to an assumed real rate of return over wage inflation of 3.75%. The assumed real rate of return over price inflation would be higher – at 4.50%, with a 2.25% price inflation assumption.

The active member population for Employees, Police and Fire is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll is assumed to grow at the wage inflation rate – 3.00% per year. For Teachers, the active member population is assumed to decline by 0.50% per year. For purposes of financing the unfunded liabilities, total payroll for Teachers is assumed to grow at the wage inflation rate minus 0.50% which is 2.50% per year.

Pay increase assumptions for individual active members are shown for sample ages on the following pages. Part of the assumption for each age is for merit and/or seniority increase, and the other 3.00% recognizes wage inflation, including price inflation, productivity increases, and other macroeconomic forces.



Valuation Assumptions

Employees

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member’s current salary to the salaries upon which benefits will be based.

Salary Increase Assumptions for an Individual Member			
Service Index	Merit & Seniority	Base (Economy)	Increase Next Year
1	13.00%	3.00%	16.00%
2	6.50%	3.00%	9.50%
3	3.25%	3.00%	6.25%
4	3.00%	3.00%	6.00%
5	2.60%	3.00%	5.60%
6	2.40%	3.00%	5.40%
7	2.00%	3.00%	5.00%
8	1.75%	3.00%	4.75%
9	1.60%	3.00%	4.60%
10	1.50%	3.00%	4.50%
11	1.50%	3.00%	4.50%
12	1.00%	3.00%	4.00%
13	1.00%	3.00%	4.00%
14	1.00%	3.00%	4.00%
15	0.75%	3.00%	3.75%
16	0.75%	3.00%	3.75%
17	0.75%	3.00%	3.75%
18	0.75%	3.00%	3.75%
19	0.75%	3.00%	3.75%
20	0.75%	3.00%	3.75%
21	0.75%	3.00%	3.75%
22	0.75%	3.00%	3.75%
23	0.75%	3.00%	3.75%
24	0.75%	3.00%	3.75%
25	0.75%	3.00%	3.75%

Valuation Assumptions

Employees (Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

For Members Hired Prior to July 1, 2011

Retirement Ages	% of Active Members Retiring within Next Year					
	Male			Female		
	Normal	Early	Early Rule of 70	Normal	Early	Early Rule of 70
45			0.60%			0.60%
46			0.60%			0.60%
47			0.70%			0.70%
48			0.90%			0.90%
49			1.10%			1.10%
50		0.50%	1.80%		0.50%	1.80%
51		0.50%	2.10%		0.50%	2.10%
52		0.60%	2.40%		0.60%	2.40%
53		0.70%	3.50%		0.70%	3.50%
54		0.90%	3.00%		0.90%	3.00%
55		1.50%	6.30%		1.50%	6.30%
56		1.90%	6.90%		1.90%	6.90%
57		2.10%	8.00%		2.10%	8.00%
58		2.60%	11.10%		2.60%	11.10%
59		2.50%	11.00%		2.50%	11.00%
60	10.00%			10.00%		
61	10.50%			10.50%		
62	15.50%			13.50%		
63	15.00%			13.60%		
64	13.00%			14.50%		
65	25.00%			22.00%		
66	25.00%			25.00%		
67	25.00%			25.00%		
68	25.00%			25.00%		
69	25.00%			25.00%		
70	25.00%			25.00%		
71	25.00%			25.00%		
72	25.00%			25.00%		
73	25.00%			25.00%		
74	25.00%			25.00%		
75	100.00%			100.00%		

Valuation Assumptions

Employees (Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

For Members Hired on or after July 1, 2011

Retirement Ages	% of Active Members Retiring within Next Year			
	Male		Female	
	Normal	Early	Normal	Early
60		0.5%		0.5%
61		0.5%		0.5%
62		0.6%		0.6%
63		0.7%		0.7%
64		0.9%		0.9%
65	30.0%		30.0%	
66	25.0%		25.0%	
67	20.0%		15.0%	
68	15.0%		15.0%	
69	15.0%		15.0%	
70	15.0%		15.0%	
71	15.0%		15.0%	
72	15.0%		15.0%	
73	15.0%		15.0%	
74	15.0%		15.0%	
75	100.0%		100.0%	

Valuation Assumptions

Employees (Concluded)

Rates of separation from active membership were as shown below (rates do not apply to members eligible for normal retirement and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating within Next Year	
		Male	Female
	0	27.50%	27.50%
	1	21.50%	21.50%
	2	15.30%	15.30%
	3	12.50%	12.50%
	4	10.00%	10.00%
25	5+	8.70%	8.70%
30		7.21%	7.21%
35		6.05%	6.05%
40		5.24%	5.24%
45		4.62%	4.62%
50		4.01%	4.01%
55		3.67%	3.67%
60		3.40%	3.40%

Rates of disability among active members. 60% are assumed to be ordinary disability and 40% are assumed to be accidental disability.

Sample Ages	% of Active Members Becoming Disabled within Next Year	
	Male	Female
20	0.000%	0.000%
25	0.009%	0.009%
30	0.012%	0.012%
35	0.015%	0.015%
40	0.032%	0.032%
45	0.060%	0.060%
50	0.125%	0.125%
55	0.235%	0.235%

Valuation Assumptions

Teachers

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member’s current salary to the salaries upon which benefits will be based.

Salary Increase Assumptions for an Individual Member			
Service Index	Merit & Seniority	Base (Economy)	Increase Next Year
1	9.00%	3.00%	12.00%
2	8.50%	3.00%	11.50%
3	4.00%	3.00%	7.00%
4	3.50%	3.00%	6.50%
5	3.25%	3.00%	6.25%
6	3.00%	3.00%	6.00%
7	2.75%	3.00%	5.75%
8	2.50%	3.00%	5.50%
9	2.50%	3.00%	5.50%
10	2.25%	3.00%	5.25%
11	2.00%	3.00%	5.00%
12	1.75%	3.00%	4.75%
13	1.50%	3.00%	4.50%
14	1.25%	3.00%	4.25%
15	1.00%	3.00%	4.00%
16	1.00%	3.00%	4.00%
17	1.00%	3.00%	4.00%
18	1.00%	3.00%	4.00%
19	1.00%	3.00%	4.00%
20	1.00%	3.00%	4.00%
21	1.00%	3.00%	4.00%
22	1.00%	3.00%	4.00%
23	1.00%	3.00%	4.00%
24	1.00%	3.00%	4.00%
25	1.00%	3.00%	4.00%

The Teachers’ active head count is assumed to decline 0.50% per year. The open group payroll growth assumption is consequently 2.50% per year (3.00 - 0.50%).

Valuation Assumptions

Teachers (Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

For Members Hired Prior to July 1, 2011

Retirement Ages	% of Active Members Retiring within Next Year					
	Male			Female		
	Normal	Early	Early Rule of 70	Normal	Early	Early Rule of 70
45			0.60%			0.60%
46			0.60%			0.60%
47			0.60%			0.60%
48			0.60%			0.60%
49			0.60%			0.60%
50		0.30%	0.80%		0.30%	0.80%
51		0.40%	1.00%		0.40%	1.00%
52		0.50%	1.20%		0.50%	1.20%
53		0.60%	0.90%		0.60%	0.90%
54		0.70%	1.90%		0.70%	1.90%
55		1.50%	4.00%		1.50%	4.00%
56		2.00%	5.00%		2.00%	5.00%
57		2.90%	8.00%		2.90%	8.00%
58		3.90%	10.50%		3.90%	10.50%
59		6.00%	15.90%		6.00%	15.90%
60	16.00%			13.00%		
61	16.00%			14.00%		
62	16.00%			18.00%		
63	16.00%			19.00%		
64	20.00%			19.00%		
65	28.00%			35.00%		
66	28.00%			35.00%		
67	28.00%			35.00%		
68	28.00%			35.00%		
69	28.00%			35.00%		
70	28.00%			35.00%		
71	28.00%			35.00%		
72	28.00%			35.00%		
73	28.00%			35.00%		
74	28.00%			35.00%		
75	100.00%			100.00%		

Valuation Assumptions

Teachers (Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

For Members Hired on or after July 1, 2011

Retirement Ages	% of Active Members Retiring within Next Year			
	Male		Female	
	Normal	Early	Normal	Early
60		0.3%		0.3%
61		0.4%		0.4%
62		0.5%		0.5%
63		0.6%		0.6%
64		0.7%		0.7%
65	50%		50%	
66	50%		50%	
67	25%		25%	
68	25%		25%	
69	25%		25%	
70	25%		25%	
71	25%		25%	
72	25%		25%	
73	25%		25%	
74	25%		25%	
75	100%		100%	

Valuation Assumptions

Teachers (Concluded)

Rates of separation from active membership were as shown below (rates do not apply to members eligible for normal retirement and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating within Next Year	
		Male	Female
	0	25.0%	25.0%
	1	13.0%	13.0%
	2	11.0%	11.0%
	3	10.0%	10.0%
	4	8.0%	8.0%
25	5+	7.8%	7.8%
30		5.9%	5.9%
35		4.7%	4.7%
40		3.3%	3.3%
45		2.6%	2.6%
50		2.6%	2.6%
55		2.6%	2.6%
60		2.6%	2.6%

Rates of disability among active members. 80% percent are assumed to be ordinary disability and 20% percent are assumed to be accidental disability.

Sample Ages	% of Active Members Becoming Disabled within Next Year	
	Male	Female
20	0.000%	0.000%
25	0.004%	0.004%
30	0.005%	0.005%
35	0.006%	0.006%
40	0.013%	0.013%
45	0.024%	0.024%
50	0.050%	0.050%
55	0.094%	0.094%

Valuation Assumptions

Police

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Salary Increase Assumptions for an Individual Member			
Service Index	Merit & Seniority	Base (Economy)	Increase Next Year
1	30.00%	3.00%	33.00%
2	22.00%	3.00%	25.00%
3	6.00%	3.00%	9.00%
4	4.75%	3.00%	7.75%
5	4.00%	3.00%	7.00%
6	3.00%	3.00%	6.00%
7	3.00%	3.00%	6.00%
8	3.00%	3.00%	6.00%
9	1.75%	3.00%	4.75%
10	1.75%	3.00%	4.75%
11	1.75%	3.00%	4.75%
12	1.75%	3.00%	4.75%
13	1.75%	3.00%	4.75%
14	1.75%	3.00%	4.75%
15	1.75%	3.00%	4.75%
16	1.75%	3.00%	4.75%
17	1.75%	3.00%	4.75%
18	1.75%	3.00%	4.75%
19	1.75%	3.00%	4.75%
20	1.75%	3.00%	4.75%
21	1.75%	3.00%	4.75%
22	1.75%	3.00%	4.75%
23	1.75%	3.00%	4.75%
24	1.75%	3.00%	4.75%
25	1.75%	3.00%	4.75%

Valuation Assumptions

Police (Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

For Members Hired Prior to July 1, 2011*				For Members Hired on or After July 1, 2011			
Tiers A and B				Tier C			
Service-Based Rates		Age-Based Rates		Service-Based Rates		Age-Based Rates	
Service	% of Active Members Retiring Within Next Year	Age	% of Active Members Retiring Within Next Year	Year of Retirement Eligibility	Age 52.5^ with 25 years	Age	% of Active Members Retiring Within Next Year
20	25%	60	21%	1	30%	60	21%
21	25%	61	17%	2	30%	61	17%
22	20%	62	17%	3	20%	62	17%
23	20%	63	17%	4	20%	63	17%
24	20%	64	20%	5	20%	64	20%
25	25%	65	20%	6 & Over	25%	65	20%
26	25%	66	30%			66	30%
27	25%	67	25%			67	25%
28	25%	68	23%			68	23%
29	25%	69	20%			69	20%
30	25%	70	20%			70	20%
31	25%	71	20%			71	20%
32	25%	72	20%			72	20%
33	25%	73	20%			73	20%
34	25%	74	20%			74	20%
35	25%	75	100%			75	100%
36	25%						
37	25%						
38	25%						
39	25%						
40	100%						

* We have assumed that Tier B members will delay retirement in order to receive the increased benefits resulting from the phase-in of HB282 benefit enhancements; We have assumed that members in Tier B would retire under the current age 45 with 20 years of service retirement patterns for Group II members thereafter, with the exception that the retirement rate in the first year in which the proposed changes would take effect was increased by 20%.

^ 100% at 40 years of service.

Members hired on or after July 1, 2011 are eligible for a reduced early retirement benefit at age 50 with 25 years of service. Rates applied to retirement under these conditions are set equal to the applicable Service-Based rates minus 10 percentage points.



Valuation Assumptions

Police (Concluded)

Rates of separation from active membership were as shown below (rates do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating within Next Year	
		Male	Female
	0	26.00%	26.00%
	1	16.00%	16.00%
	2	11.00%	11.00%
	3	8.00%	8.00%
	4	7.00%	7.00%
25	5+	7.00%	7.00%
30		5.00%	5.00%
35		4.20%	4.20%
40		3.30%	3.30%
45		2.95%	2.95%
50		2.78%	2.78%
55		2.65%	2.65%

Rates of disability among active members. 25% percent are assumed to be ordinary disability and 75% percent are assumed to be accidental disability.

Sample Ages	% of Active Members Becoming Disabled within Next Year	
	Ordinary	Accidental
20	0.013%	0.039%
25	0.013%	0.039%
30	0.013%	0.039%
35	0.029%	0.088%
40	0.066%	0.199%
45	0.136%	0.408%
50	0.209%	0.628%
55	0.322%	0.967%

Valuation Assumptions

Fire

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Salary Increase Assumptions for an Individual Member			
Service Index	Merit & Seniority	Base (Economy)	Increase Next Year
1	30.00%	3.00%	33.00%
2	17.00%	3.00%	20.00%
3	7.25%	3.00%	10.25%
4	5.00%	3.00%	8.00%
5	4.25%	3.00%	7.25%
6	2.50%	3.00%	5.50%
7	2.50%	3.00%	5.50%
8	1.75%	3.00%	4.75%
9	1.50%	3.00%	4.50%
10	1.20%	3.00%	4.20%
11	1.20%	3.00%	4.20%
12	1.20%	3.00%	4.20%
13	1.20%	3.00%	4.20%
14	1.20%	3.00%	4.20%
15	1.20%	3.00%	4.20%
16	1.20%	3.00%	4.20%
17	1.20%	3.00%	4.20%
18	1.20%	3.00%	4.20%
19	1.20%	3.00%	4.20%
20	1.20%	3.00%	4.20%
21	1.20%	3.00%	4.20%
22	1.20%	3.00%	4.20%
23	1.20%	3.00%	4.20%
24	1.20%	3.00%	4.20%
25	1.20%	3.00%	4.20%

Valuation Assumptions

Fire (Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

For Members Hired Prior to July 1, 2011*

Tiers A and B			
Service-Based Rates		Age-Based Rates	
% of Active Members		% of Active Members	
Service	Retiring Within Next Year	Age	Retiring Within Next Year
20	10%	60	20%
21	10%	61	23%
22	10%	62	18%
23	10%	63	18%
24	10%	64	18%
25	10%	65	29%
26	12%	66	25%
27	14%	67	30%
28	15%	68	30%
29	18%	69	30%
30	25%	70	40%
31	20%	71	40%
32	22%	72	40%
33	24%	73	40%
34	26%	74	40%
35	35%	75	100%
36	35%		
37	35%		
38	35%		
39	35%		
40	100%		

** We have assumed that Tier B members will delay retirement in order to receive the increased benefits resulting from the phase-in of HB282 benefit enhancements; We have assumed that members in Tier B would retire under the current age 45 with 20 years of service retirement patterns for Group II members thereafter, with the exception that the retirement rate in the first year in which the proposed changes would take effect was increased by 20%.*

For Members Hired on or after July 1, 2011

Tier C

Service-based retirement rates are the same as the rates for Tiers A and B, except that rates are increased by 5% during the first two years of retirement eligibility. Age-based retirement rates for these members are equal to those applied to Tiers A and B.

Tier C members are eligible for a reduced early retirement benefit at age 50 with 25 years of service. Rates applied to retirement under these conditions are 5% at age 50, 7% at age 51 and 9% at age 52.



Valuation Assumptions

Fire (Concluded)

Rates of separation from active membership were as shown below (rates do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating within Next Year	
		Male	Female
	0	9.00%	9.00%
	1	7.00%	7.00%
	2	3.00%	3.00%
	3	3.00%	3.00%
	4	3.00%	3.00%
25	5 & Over	1.15%	1.15%
30		1.75%	1.75%
35		1.50%	1.50%
40		1.15%	1.15%
45		1.15%	1.15%
50		1.15%	1.15%
55		1.15%	1.15%
60		1.15%	1.15%

Rates of disability among active members. 30% percent are assumed to be ordinary disability and 70% percent are assumed to be accidental disability.

Sample Ages	% of Active Members Becoming Disabled within Next Year	
	Ordinary	Accidental
20	0.025%	0.059%
25	0.037%	0.085%
30	0.044%	0.104%
35	0.054%	0.126%
40	0.074%	0.173%
45	0.109%	0.255%
50	0.160%	0.372%
55	0.241%	0.562%

Valuation Assumptions

Healthy Mortality

The standard mortality tables for death after retirement are the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2021.

The applicable published healthy mortality tables for each valuation group are shown below.

- Employees:** *PubG-2010 amount-weighted Healthy Retiree General Mortality Table for Males and PubG-2010 amount-weighted Healthy Below-Median Retiree General Mortality Table for Females adjusted for credibility by 102% for males and 107% for females.*
- Teachers:** *PubT-2010 amount-weighted Healthy Retiree Teachers Mortality Tables adjusted for credibility by 106% for males and 104% for females.*
- Police and Fire:** *PubS-2010 amount-weighted Healthy Retiree Safety Mortality Tables adjusted for credibility by 101% for males and females.*

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Sample rates of mortality and future life expectancy years are shown in the following tables.

Employees

Sample Attained Ages	Probability of Dying Next Year*		Future Life Expectancy (Years)*	
	Male	Female	Male	Female
35	0.074%	0.046%	51.12	52.49
40	0.094%	0.061%	45.85	47.16
45	0.124%	0.094%	40.61	41.86
50	0.287%	0.404%	35.51	36.78
55	0.413%	0.484%	30.63	32.10
60	0.630%	0.578%	25.91	27.47
65	0.923%	0.698%	21.40	22.90
70	1.421%	1.096%	17.13	18.45
75	2.374%	1.905%	13.19	14.31
80	4.259%	3.485%	9.71	10.60

* Applicable to calendar year 2025. Rates and life expectancy in future years are determined by the MP-2021 projection scale. The rates shown include the credibility adjustment for each member classification.

Valuation Assumptions

Teachers

Sample Attained Ages	Probability of Dying Next Year*		Future Life Expectancy (Years)*	
	Male	Female	Male	Female
35	0.049%	0.030%	53.18	55.61
40	0.062%	0.039%	47.94	50.36
45	0.079%	0.049%	42.71	45.12
50	0.114%	0.076%	37.51	39.89
55	0.222%	0.193%	32.40	34.75
60	0.380%	0.302%	27.45	29.79
65	0.622%	0.435%	22.69	24.96
70	1.036%	0.690%	18.16	20.26
75	1.876%	1.302%	13.97	15.81
80	3.566%	2.609%	10.25	11.80

Police and Fire

Sample Attained Ages	Probability of Dying Next Year*		Future Life Expectancy (Years)*	
	Male	Female	Male	Female
35	0.073%	0.052%	51.24	53.43
40	0.090%	0.062%	45.98	48.15
45	0.137%	0.086%	40.78	42.89
50	0.183%	0.135%	35.65	37.68
55	0.290%	0.251%	30.59	32.57
60	0.515%	0.456%	25.70	27.66
65	0.882%	0.730%	21.08	22.99
70	1.446%	1.156%	16.77	18.58
75	2.487%	1.986%	12.85	14.50
80	4.508%	3.562%	9.41	10.88

* Applicable to calendar year 2025. Rates and life expectancy in future years are determined by the MP-2021 projection scale. The rates shown include the credibility adjustment for each member classification.

Valuation Assumptions

Disabled Mortality

Disabled pension mortality is based on the Pub-2010 Disabled Retiree Mortality Tables for males and females with fully generational mortality improvements using Scale MP-2021. Due to limited disabled mortality experience, credibility adjustments were not applied.

The applicable published disabled mortality tables for each valuation group are shown below.

Employees: *PubG-2010 amount-weighted Disabled Retiree General Mortality Tables*
Teachers: *PubT-2010 amount-weighted Disabled Retiree Teachers Mortality Tables*
Police and Fire: *PubS-2010 amount-weighted Disabled Retiree Safety Mortality Tables*

The probabilities of disabled mortality at sample attained ages are as follows:

Employees

Sample Ages	Probability of Occurrence Next Year*	
	Disabled Death	
	Male	Female
20	0.423%	0.253%
25	0.327%	0.201%
30	0.500%	0.358%
35	0.706%	0.571%
40	0.897%	0.762%
45	1.116%	0.962%
50	1.517%	1.333%
55	1.985%	1.677%

* Applicable to calendar year 2025. Rates and life expectancy in future years are determined by the MP-2021 projection scale.

Valuation Assumptions

Teachers

Sample Ages	Probability of Occurrence Next Year*	
	Disabled Death	
	Male	Female
20	0.423%	0.253%
25	0.327%	0.201%
30	0.500%	0.358%
35	0.706%	0.571%
40	0.897%	0.762%
45	1.116%	0.962%
50	1.517%	1.333%
55	1.985%	1.677%

Police and Fire

Sample Ages	Probability of Occurrence Next Year*	
	Disabled Death	
	Male	Female
20	0.124%	0.058%
25	0.125%	0.080%
30	0.172%	0.124%
35	0.213%	0.172%
40	0.242%	0.199%
45	0.268%	0.218%
50	0.334%	0.273%
55	0.451%	0.444%

* Applicable to calendar year 2025. Rates and life expectancy in future years are determined by the MP-2021 projection scale.

Valuation Assumptions

Pre-Retirement Mortality

For active members dying before retirement, the Pub-2010 Employee Mortality Tables for males and females with fully generational mortality improvements using Scale MP-2021. Due to limited active member mortality experience, credibility adjustments were not applied.

The applicable published disabled mortality tables for each valuation group are shown below.

Employees: *PubG-2010 amount-weighted Employee General Mortality Tables*
Teachers: *PubT-2010 amount-weighted Employee Teachers Mortality Tables*
Police and Fire: *PubS-2010 amount-weighted Employee Safety Mortality Tables*

The probabilities of dying prior to retirement at sample attained ages are as follows:

Employees

Sample Ages	Probability of Occurrence Next Year*	
	Death Before Retirement	
	Male	Female
20	0.038%	0.014%
25	0.033%	0.011%
30	0.051%	0.021%
35	0.073%	0.033%
40	0.092%	0.044%
45	0.109%	0.055%
50	0.141%	0.075%
55	0.206%	0.118%

** Applicable to calendar year 2025. Rates and life expectancy in future years are determined by the MP-2021 projection scale.*

Valuation Assumptions

Teachers

Sample Ages	Probability of Occurrence Next Year*	
	Death Before Retirement	
	Male	Female
20	0.035%	0.014%
25	0.019%	0.011%
30	0.031%	0.020%
35	0.046%	0.029%
40	0.058%	0.038%
45	0.074%	0.047%
50	0.105%	0.066%
55	0.162%	0.103%

Police and Fire

Sample Ages	Probability of Occurrence Next Year*	
	Death Before Retirement	
	Male	Female
20	0.042%	0.017%
25	0.043%	0.025%
30	0.058%	0.038%
35	0.073%	0.051%
40	0.082%	0.059%
45	0.091%	0.065%
50	0.113%	0.082%
55	0.164%	0.118%

* Applicable to calendar year 2025. Rates and life expectancy in future years are determined by the MP-2021 projection scale.

Weighting of Mortality

The weighting of ordinary and accidental deaths by member classification is as follows:

	Employees	Teachers	Police	Fire
Ordinary	98%	98%	50%	50%
Accidental	2%	2%	50%	50%



Miscellaneous and Technical Assumptions

<i>Administrative & Investment Expenses</i>	The investment return assumption is intended to be the return net of investment expenses. Assumed administrative expenses are added to the Normal Cost, and were 0.35% of payroll.
<i>Benefit Service</i>	Exact Fractional service is used to determine the amount of benefit payable.
<i>COLA</i>	None assumed.
<i>Decrement Operation</i>	Disability and turnover decrements do not operate during normal retirement eligibility for Group I and Group II members. They do operate for early retirement for Group I members.
<i>Decrement Timing</i>	Normal and early retirement decrements for the Teachers group are assumed to occur at the beginning of the year. All other decrements for all groups were assumed to occur mid-year.
<i>Eligibility Testing</i>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<i>Incidence of Contributions</i>	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
<i>Liability Adjustments</i>	Normal, early and vesting retirement liabilities are increased by 8.0%, 5.0%, 9.5% and 10.5% for Employees, Teachers, Police and Fire respectively to account for end of career pay increases. Group I members hired after July 1, 2011 or who have non-vested status as of January 1, 2012 are assumed to have no adjustment for end of career payments. Normal, early and vesting retirement liabilities are increased by 4.75% and 5.25% for Police and Fire respectively for Group II members hired before July 1, 2011 and who have non-vested status as of January 1, 2012 to account for end of career pay increases.
<i>Violent Disability Load</i>	It was assumed that 10% of Police participants would receive an accidental disability retirement benefit as a results of a violent act. There is no load for Fire participants.
<i>Marriage Assumption</i>	Group I: 50% of males and 50% of females are assumed to be married for purposes of death-in-service benefits. Group II: 65% of males and 65% of females are assumed to be married for purposes of death-in-service and death after retirement benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.



Normal Form of Benefit

This valuation assumes that members will elect the normal form of payment. Alternate forms of payment are available and are actuarially adjusted based on the valuation interest and mortality.

Group I: The assumed normal form of benefit is a straight life benefit.

Group II: The assumed normal form of benefit is straight life for single members and joint and 50% survivor for married members.

Option Factors

Annuity values and factors are based on a 6.75% interest rate and the Pub-2010 Healthy Retiree mortality tables for males and females, adjusted for improvements using Scale MP-2021. While the tables used in the valuations are based on generational mortality, a static model with five years of projection was used for purposes of determining the option factors.

Unisex mortality was used based on active male/female blends observed in the June 30, 2023 valuation of 39%/61%, 22%/78%, 87%/13% and 97%/3% for Employees, Teachers, Police and Fire, respectively.

Disabled mortality is based on the Pub-2010 Disabled Retiree mortality tables using a static model with five years of mortality improvement projection.

For the Group I Straight Life factors, the current practice of not reflecting the changing benefit at age 65 is in the factor.

Each option factor is determined on an actuarial equivalent basis using valuation assumptions. No adjustment for optional forms of payment are reflected in the valuation.

Pay Increase Timing

Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.

New Entrant Profile

For purposes of projecting the normal cost to the beginning of the rate setting biennium, the new entrant profile is based on actual members with 3-8 years of service on the valuation date.

Service Credit Accruals

It is assumed that members accrue one year of service credit per year.

Service Purchases

One month of service was added to the reported service for all active participants in consideration of potential subsidized service purchases in the future.



Deferred Vested Benefit Commencement

The deferred vested benefit reported in the data is the benefit at first eligibility for normal unreduced retirement.

Split Benefits

Active members with service in more than one plan are valued as if all service accrued is in their current plan. Split benefits are valued upon retirement, as reported in the data.

Data Adjustments

Active Data

- New active member pays were annualized.
- Active records with reported pays of \$0 and reported service less than 0 years were excluded.

Deferred Data

- Deferred members with a reported accrued benefit of \$0 were assumed to receive a refund of member contributions equal the accumulated member contributions reported in the data.

Retiree Data

- Payee records with \$0 benefits and non-blank Benefit Termination Dates were excluded.

Medical Subsidy Data

- Records with non-blank Benefit Termination Dates were excluded.

Medical Subsidy

Actual medical subsidy recipients are included in the valuation plus 25% of those who opted-out. For those members reported as eligible in the future but not currently receiving, we assumed that members would commence benefits at age eligibility.

The solvency rates for the medical subsidy benefits were determined to provide an estimated margin of 20% of the benefits (50% for Teachers) by the end of the first year of the biennium and thereafter. The margin is intended to mitigate the risk of insolvency due to adverse experience.

A retired member's medical subsidy amount is provided by System staff. If the member is under the age of 65, the pre-65 subsidy amount used is the amount reported by System staff, and the post-65 subsidy amount is assumed to be at the post-65 rates.

It is assumed that 80% of active married members will have their spouses continue to receive a medical subsidy under the plan.

IRC Section 415(b) and 401(a)(17)

For purposes of the valuation, the limitations under IRC Section 401(a)(17) and 415(b) were not reflected due to immateriality.



SECTION F

GLOSSARY

Glossary

<i>Actuarial Accrued Liability (AAL)</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value (APV)</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits (APVFB)</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan.
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the Annual Required Contribution (ARC).

Glossary

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution (ARC)</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The ARC consists of the Employer Normal Cost and Amortization Payment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example, if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience; i.e., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience; i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

Glossary

<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<i>GASB</i>	Governmental Accounting Standards Board.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	An open amortization period is one which is used to determine the amortization payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the amortization period each year. In theory, if an open amortization period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Solvency Rate</i>	The minimum contribution necessary to prevent insolvency (a fund balance less than \$0) during or after the biennium in which contributions are being calculated. If fund balances are projected to be less than \$0 prior to the beginning of the biennium (due to the lag between the valuation date and contribution certification), then the solvency rate is the minimum contribution necessary to bring the balance back to \$0 by the end of the biennium. After the fund balance reaches \$0, the solvency rate becomes the pay-as-you-go rate.
<i>Valuation Date</i>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

SECTION G

SUMMARY OF PLAN PROVISIONS

Pension Plan Provisions – Group I

Statute	Amended and Restated under New Hampshire Revised Statutes Annotated (RSA) Chapter 100-A. Most recently amended under legislation passed in the year ending June 30, 2011.
Effective Date	July 1, 1967
Plan Year	July 1 through June 30
Type of Plan	Qualified, governmental-defined benefit retirement plan; it is a single plan for financial reporting purposes.
Eligibility Requirements	Any employee or teacher becomes a Group I member as a condition of employment. Membership is optional for elected officials, officials appointed for fixed terms, unclassified state employees or employees of the general court.
Creditable Service	Service measured from date of employment to date of retirement or prior termination plus service credited under one or more of the predecessor systems.
Earnable Compensation	<p>For members who have attained vested status prior to January 1, 2012, full base rate of compensation paid plus any overtime pay, holiday and vacation pay, sick pay, longevity or severance pay, cost of living bonus, additional pay for extracurricular and instructional activities or any military differential pay, plus the fair market value of non-cash compensation such as meals or living quarters if subject to federal income tax. Earnable compensation in the final 12 months prior to termination shall be limited to 1 ½ times the higher of the earnable compensation in the 12-month period preceding the final 12 months or the highest compensation year excluding the final 12 months. Earnable compensation is subject to IRC Section 401(a)(17) limits.</p> <p>For members who have not attained vested status prior to January 1, 2012, full base rate of compensation paid plus any overtime pay, longevity pay, cost of living bonus, additional pay for extracurricular and instructional activities, and any military differential pay, plus the fair market value of non-cash compensation such as meals or living quarters if subject to federal income tax, but excluding other compensation except supplemental pay paid by the employer while the member is receiving workers' compensation and teacher development pay that is not part of the contracted annual salary. Earnable compensation is subject to IRC section 401(a)(17) limits. Earnable compensation shall not include incentives to encourage members to retire, severance pay, or end-of-career longevity payments and pay for unused sick or vacation time. Earnable compensation in the final 12 months prior to termination shall be limited to 1 ½ times the higher of the earnable compensation in the 12-month period preceding the final 12 months or the highest compensation year excluding the final 12 months.</p>

Pension Plan Provisions – Group I

Average Final Compensation (AFC)

For members who have attained vested status prior to January 1, 2012 – Average annual earnable compensation during the highest 3 years of creditable service.

For members who commence service on or after July 1, 2011 or who have not attained vested status prior to January 1, 2012 – Average annual earnable compensation during the highest 5 years of creditable service.

Service Retirement

Eligibility: Age 60 years (age 65 for members who commence service on or after July 1, 2011).

Benefit: A member annuity that is the actuarial equivalent of the member's accumulated contributions plus a state annuity.

Prior to full retirement age for Social Security, the state annuity, together with the member annuity, shall be equal to $1/60^{\text{th}}$ of AFC times creditable service ($1/66^{\text{th}}$ of AFC times creditable service for members who commence service on or after July 1, 2011).

After full retirement age for Social Security, the state annuity, together with the member annuity, shall be equal to $1/66^{\text{th}}$ of AFC times creditable service.

Normal Form: Straight life annuity.

Early Retirement

Eligibility: Completion of 20 years of creditable service and age plus service at least 70, or attainment of age 50. (Age 60 with 30 years of creditable service for members who commence service on or after July 1, 2011.)

Benefit: Service Retirement Benefit accrued to date of retirement, reduced for each month prior to age 60 by $1/8$ of 1% if the member has 35 years or more of creditable service, by $1/4$ of 1% if the member has 30 years but less than 35, by $1/3$ of 1% if the member has at least 25 years but not 30, by $5/12$ of 1% if the member has at least 20 years but not 25, and by $5/9$ of 1% if the member has less than 20 years of creditable service.

For members who commence service on or after July 1, 2011, normal retirement benefit is reduced $1/4$ of 1% for each month prior to age 65.

Ordinary Disability

Eligibility: 10 or more years of creditable service.

Benefit: If age 60 or older, the Service Retirement Benefit at attained normal retirement eligibility age as calculated under benefit provisions for members hired prior to July 1, 2011. Under age 60, a member annuity plus state annuity that shall be equal to 1.5% times AFC times years of creditable service. The disability retirement allowance shall not be less than 25% of AFC.

Pension Plan Provisions – Group I

<i>Accidental Disability</i>	<p>Eligibility: Permanently disabled in the performance of duty.</p> <p>Benefit: Service Retirement Benefit if at least age 60, not less than 50% of AFC. Under age 60, a member annuity plus state annuity that shall be equal to 50% times AFC.</p>
<i>Accidental Death Benefits</i>	<p>Eligibility: Accidental death in the performance of duty.</p> <p>Benefit: 50% times AFC.</p>
<i>Ordinary Death Benefits</i>	<p>Eligibility: Death other than accidental death.</p> <p>Benefit: If 10 years creditable service or eligible for service retirement, surviving spouse receives 50% of the service retirement benefit until death or remarriage. If no surviving spouse, designated beneficiary receives a lump sum equal to the greater of \$3,600 or the member's annual compensation.</p> <p>If less than 10 years creditable service and not eligible for service retirement, the member's spouse or designated beneficiary receives a lump sum equal to the greater of \$3,600 or the member's annual compensation.</p>
<i>Post Retirement Death</i>	<p>Not applicable.</p>
<i>Optional Forms</i>	<p>Each of the following options shall be of equivalent actuarial value to the allowance payable in the absence of election of an option.</p> <p>Option 1. Full cash refund. Option 2. 100% Joint and Survivor. Option 3. 50% Joint and Survivor. Option 4. Other Joint and Survivor.</p>
<i>Vested Termination</i>	<p>If a member terminates with less than 10 years of service prior to attaining service retirement age, the member's accumulated contributions are refunded. If a member terminates with 10 or more years of service, the member either receives a service retirement benefit beginning at any age after age 60 (age 65 for members who commence service on or after July 1, 2011) or a reduced early service retirement benefit beginning at any age after age 50 (age 60 for members who commence service on or after July 1, 2011 and have at least 30 years of creditable service) or the member may apply for a refund of the member's accumulated contributions.</p>

Pension Plan Provisions – Group I

Maximum Benefit

For members who commenced service prior to July 1, 2009 or have attained vested status prior to January 1, 2012, a member's retirement benefit shall not exceed 100% of the member's highest year of earnable compensation. For members who commenced service on or after July 1, 2009 and have not attained vested status prior to January 1, 2012, a member's retirement benefit shall not exceed the lesser of 85% of the member's highest average final compensation or \$120,000.

Refunds

1. Termination for reasons other than retirement or death and the member has not elected a vested deferred retirement benefit.
2. Upon death in service other than accidental death described above, the member's accumulated contributions are payable to the beneficiary or estate if, at the time of death, the member is not eligible for a service retirement.
3. Upon death prior to age 60 of a member electing vested deferred retirement, the member's accumulated contributions at the time of death are payable to the beneficiary or estate.
4. Upon death of a retired member prior to electing an optional allowance, any excess of the member's accumulated contributions at retirement over the sum of retirement allowance payments received.

Member Contributions

7.0% of earnable compensation. Interest on member contributions shall be 2 percentage points less than either the most recent board of trustees approved assumed rate of return determined under RSA 100-A:16, II(g) or the actual rate of return, whichever is lower.

Employer Contributions

As prescribed in RSA 100-A:16.

Temporary Supplemental Allowances

All System members who retired on or before July 1, 2014, or any beneficiaries of such members receiving a survivorship pension benefit shall receive a one-time 1.5% COLA on the first \$50,000 of an annual pension benefit. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020. The adjustment shall become a permanent addition to the member's base retirement allowance.

Other Ancillary Benefits

There are no ancillary benefits - retirement type benefits not required by statutes but which might be deemed a liability if continued beyond the availability of funding by the current funding source.

Pension Plan Provisions – Group II

Statute	Amended and Restated under New Hampshire Revised Statutes Annotated (RSA) Chapter 100-A. Most recently amended under legislation passed in the year ending June 30, 2011.
Effective Date	July 1, 1967
Plan Year	July 1 through June 30
Type of Plan	Qualified, governmental defined benefit retirement plan; it is a single plan for financial reporting purposes.
Eligibility Requirements	Any permanent policeman or permanent fireman becomes a Group II member as a condition of employment.
Creditable Service	Service measured from date of employment to date of retirement or prior termination plus service credited under one or more of the predecessor systems.
Earnable Compensation	<p>For members who have attained vested status prior to January 1, 2012, full base rate of compensation paid plus any overtime pay, holiday and vacation pay, sick pay, longevity or severance pay, cost of living bonus, additional pay for extra or special duty and any military differential pay, and other compensation paid to the member by the employer, plus the fair market value of non-cash compensation such as meals or living quarters if subject to federal income tax. Earnable compensation in the final 12 months prior to termination shall be limited to 1 ½ times the higher of the earnable compensation in the 12-month period preceding the final 12 months or the highest compensation year excluding the final 12 months. Earnable compensation is subject to IRC section 401(a)(17) limits. Compensation for extra and special duty, as determined by the employer, shall be included but limited during the highest 3 years of creditable service as provided in paragraph RSA 100-A:1 XVIII.</p> <p>For members who commenced service prior to July 1, 2011, who have attained vested status prior to January 1, 2013, full base rate of compensation paid plus any overtime pay, holiday and vacation pay, longevity or severance pay, cost of living bonus, additional pay for extra or special duty and any military differential pay, and other compensation paid to the member by the employer, plus the fair market value of non-cash compensation such as meals or living quarters if subject to federal income tax. Earnable compensation shall not include incentives to encourage members to retire, end-of-career additional longevity payments and pay for unused sick pay. Earnable compensation in the final 12 months prior to termination shall be limited to 1 ½ times the higher of the earnable compensation in the 12-month period preceding the final 12 months or the highest compensation year excluding the final 12 months. Earnable compensation is subject to IRC section 401(a)(17) limits. Compensation for extra and special duty, as determined by the employer, shall be included but limited during the highest 5 years of creditable service as provided in paragraph RSA 100-A:1 XVIII.</p>



Pension Plan Provisions – Group II

For members who have not attained vested status prior to January 1, 2013 (see details regarding the phase in of transition member benefits beginning on page 113), and members who began service on or after July 1, 2011, full base rate of compensation paid plus any overtime pay, longevity pay, cost of living bonus, additional pay for extra or special duty and any military differential pay, plus the fair market value of non-cash compensation such as meals or living quarters if subject to federal income tax, but excluding other compensation except supplemental pay paid by the employer while the member is receiving workers' compensation that is not part of the contracted annual salary. Earnable compensation shall not include incentives to encourage members to retire, severance pay, or end-of-career longevity payments and pay for unused sick or vacation time. Earnable compensation in the final 12 months prior to termination shall be limited to 1 ½ times the higher of the earnable compensation in the 12-month period preceding the final 12 months or the highest compensation year excluding the final 12 months. Earnable compensation is subject to IRC section 401(a)(17) limits. Compensation for extra and special duty shall be eliminated for members who commence service on or after July 1, 2011.

Average Final Compensation (AFC)

For members who have attained vested status prior to January 1, 2012 – Average annual earnable compensation during the highest 3 years of creditable service.

For members who commence service on or after July 1, 2011 or who have not attained vested status prior to January 1, 2012 – Average annual earnable compensation during the highest 5 years of creditable service.

Service Retirement

Eligibility: Age 45 and 20 years of creditable service or age 60 (age 50 with 25 years of creditable service or age 60 for members who commence service on or after July 1, 2011).

Benefit: A member annuity that is the actuarial equivalent of the member's accumulated contributions plus a state annuity.

The state annuity, together with the member annuity, shall be equal to 2-1/2% of AFC times creditable service up to 40 years (2% of AFC times creditable service up to 42.5 years for members who commence service on or after July 1, 2011). However, a member who commenced service on or after July 1, 2011 shall not receive a service retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age, by ¼ of 1%.



Pension Plan Provisions – Group II

Members hired prior to July 1, 2011 who have not attained vested status prior to January 1, 2013 (see details regarding the phase in of transition member benefits below) shall be subject to transition provisions for years of service required for regular service retirement, the minimum age for regular service retirement, and for the first 15 years of creditable service, the multiplier used to calculate the retirement annuity. The state annuity, together with the member annuity, shall be equal to the multiplier times AFC times creditable service up to 40.5 years. The transition provisions are provided in the following table.

Creditable Service on January 1, 2012	Minimum Years of Service	Minimum Age Attained	Annuity Multiplier
(1) Less than 4 years	24 Years	Age 49	2.1%*
(2) At least 4 years but less than 6 years	23 Years	Age 48	2.2%*
(3) At least 6 years but less than 8 years	22 Years	Age 47	2.3%*
(4) At least 8 years but less than 9 years	21 Years	Age 46	2.4%*

** The annuity multiplier applied to creditable service earned beyond 15 years of creditable service, shall be 2.5 percent, but only for Group II members in service who have attained age 60 regardless of the number of years of creditable service, or who work up to their full age and service requirements and retire under service retirement. If a member retires prior to reaching full age and service requirements, then their annuity multiplier remains the same as their first 15 years of creditable service.*

Members who commenced service prior to July 1, 2011 who have attained the age of 45 with at least 20 years of creditable service, and members who commenced service on or after July 1, 2011 who have attained the age of 50 with at least 25 years of creditable service, shall receive a minimum annual service retirement allowance of \$10,000.

Normal Form: straight life annuity (with surviving spouse's benefit payable as described under post-retirement death benefit).

Phase in of certain benefit provision for members hired prior to July 1, 2011 and not vested by January 1, 2013

House Bill 282 restores the normal retirement eligibility to age 45 with 20 or more years of service and a 2.50% benefit multiplier for all years of service for these members phased in over the period between 2026 through 2034.

Effective July 1, 2026: Date Change for Application of Retirement Provisions Adopted in 2011 to Members in Vested Status. Amend applicable RSA provisions by replacing "January 1, 2013" with "January 1, 2014." Applicable to members with Group II creditable service of at least 8 years but less than 9 years as of January 1, 2012.



Pension Plan Provisions – Group II

Effective July 1, 2027: Date Change for Application of Retirement Provisions Adopted in 2011 to Members in Vested Status. Amend applicable RSA provisions by replacing "January 1, 2014" with "January 1, 2015." Applicable to members with Group II creditable service of at least 7 years but less than 8 years as of January 1, 2012.

Effective July 1, 2028: Date Change for Application of Retirement Provisions Adopted in 2011 to Members in Vested Status. Amend applicable RSA provisions by replacing "January 1, 2015" with "January 1, 2016". Applicable to members with Group II creditable service of at least 6 years but less than 7 years as of January 1, 2012.

Effective July 1, 2029: Date Change for Application of Retirement Provisions Adopted in 2011 to Members in Vested Status. Amend applicable RSA provisions by replacing "January 1, 2016" with "January 1, 2017". Applicable to members with Group II creditable service of at least 5 years but less than 6 years as of January 1, 2012.

Effective July 1, 2030: Date Change for Application of Retirement Provisions Adopted in 2011 to Members in Vested Status. Amend applicable RSA provisions by replacing "January 1, 2017" with "January 1, 2018". Applicable to members with Group II creditable service of at least 4 years but less than 5 years as of January 1, 2012.

Effective July 1, 2031: Date Change for Application of Retirement Provisions Adopted in 2011 to Members in Vested Status. Amend applicable RSA provisions by replacing "January 1, 2018" with "January 1, 2019". Applicable to members with Group II creditable service of at least 3 years but less than 4 years as of January 1, 2012.

Effective July 1, 2032: Date Change for Application of Retirement Provisions Adopted in 2011 to Members in Vested Status. Amend applicable RSA provisions by replacing "January 1, 2019" with "January 1, 2020". Applicable to members with Group II creditable service of at least 2 years but less than 3 years as of January 1, 2012.

Effective July 1, 2033: Date Change for Application of Retirement Provisions Adopted in 2011 to Members in Vested Status. Amend applicable RSA provisions by replacing "January 1, 2020" with "January 1, 2021". Applicable to members with Group II creditable service of at least 1 years but less than 2 years as of January 1, 2012.

Effective July 1, 2034: Date Change for Application of Retirement Provisions Adopted in 2011 to Members in Vested Status. Applicable to members with Group II creditable service of less than 1 year as of January 1, 2012. All members subject to the transition provisions will be phased in to the new eligibility and benefit multiplier as of this date.

Pension Plan Provisions – Group II

Ordinary Disability

Eligibility: 10 or more years of creditable service.

Benefit: Service Retirement Benefit based on benefit multiplier in effect at the time of disability (see transition rules as described under Service Retirement). The disability retirement allowance shall not be less than 25% of the member's final compensation at the date of the member's disability.

Accidental Disability

Eligibility: Permanently disabled in the performance of duty.

Benefit: Members who have attained vested status prior to January 1, 2013 are eligible for an accidental disability benefit and shall receive a benefit equal to $2/3$ of AFC. If a member has more than $26-2/3$ years of service, the member will receive a supplemental disability benefit equal to $2-1/2\%$ of AFC times years of creditable service in excess of $26-2/3$ years but not in excess of 40 years.

Members hired prior to July 1, 2011 who have not attained vested status prior to January 1, 2013 are eligible for an accidental disability benefit and shall receive a benefit equal to $2/3$ of AFC. The calculation of the supplemental allowance shall be as provided in the transition provisions in effect at time of disability with the number of years for the supplement adjusted proportionally.

Members who commence service on or after July 1, 2011 are eligible for an accidental disability benefit and shall receive a benefit equal to $2/3$ of AFC. If a member has more than $33-1/3$ years of service, the member will receive a supplemental disability benefit equal to 2% of AFC times years of creditable service in excess of $33-1/3$ years but not in excess of 42.5 years.

A Group II member who retires with a violent accidental disability retirement, as a result of a violent act, shall receive an allowance equal to the member's earnable compensation during their last 12 months of active service at the date of the member's disability or an annual allowance of \$75,000, whichever is greater.

Post Retirement Death

Retired prior to April 1, 1987, benefit payable to surviving spouse until death or remarriage equal to 50% of the member's service (if the member had at least 20 years of creditable service), ordinary disability or accidental disability retirement allowance. Upon the death of a member receiving a service or ordinary disability retirement, a lump sum of \$3,600 is payable also.

Retired on or after April 1, 1987, benefit payable to surviving spouse until death or remarriage equal to 50% of the member's service, ordinary disability or accidental disability retirement allowance plus a lump sum as defined below.

Retired on or after April 1, 1987, but before July 1, 1988, hired before July 1, 1988, lump sum of \$3,600.

Retired on or after July 1, 1988, hired before July 1, 1988, lump sum of \$10,000.

Retired on or after July 1, 1988, hired on or after July 1, 1988 but before July 1, 1993, lump sum of \$3,600.



Pension Plan Provisions – Group II

Accidental Death Benefits

Eligibility: Accidental death in the performance of duty.

Benefit: 50% times the member's annual rate of earnable compensation at the date of the member's death.

Ordinary Death Benefits

Eligibility: Death other than accidental death.

Benefit: If 10 years creditable service or eligible for service retirement, surviving spouse receives 50% of the service retirement benefit until death or remarriage. If no surviving spouse, designated beneficiary receives a lump sum equal to the greater of \$3,600 or the member's annual compensation.

If less than 10 years creditable service and not eligible for service retirement, the member's spouse or designated beneficiary receives a lump sum equal to the greater of \$3,600 or the member's annual compensation.

Optional Forms

Each of the following options shall be of equivalent actuarial value to the straight life allowance payable in the absence of election of an option.

1. Full cash refund.
- Option 2. 100% Joint and Survivor.
- Option 3. 50% Joint and Survivor.
- Option 4. Other Joint and Survivor.

Vested Termination

If a member terminates with less than 10 years of service, the member's accumulated contributions are refunded. If a member terminates with 10 or more years of service, the member either receives his service retirement at the age the member would have attained service or reduced early service retirement eligibility requirement, or age 60 or the member may apply for a refund of accumulated contributions.

Maximum Benefit

For members who commenced service prior to July 1, 2009 or have attained vested status prior to January 1, 2012, a member's retirement benefit shall not exceed 100% of the member's highest year of earnable compensation. For members who commenced service on or after July 1, 2009 and have not attained vested status prior to January 1, 2012, a member's retirement benefit shall not exceed the lesser of 85% of the member's highest average final compensation or \$120,000.

For group II members who commenced service prior to July 1, 2011, and have not attained vested status prior to January 1, 2012, a member's maximum retirement benefit granted under the provisions of RSA 100-A:5 or RSA 100-A:6 shall not exceed the lesser of 100% of the member's average final compensation or \$145,000.



Pension Plan Provisions – Group II

Refunds

1. Termination for reasons other than retirement or death and the member has not elected a vested deferred retirement benefit.
2. Upon death in service other than accidental death described above, the member's accumulated contributions are payable to the beneficiary or estate, if at the time of death, the member is not eligible for a service retirement.
3. Upon death prior to commencement of benefits of a member electing vested deferred retirement, the member's accumulated contributions are payable to the beneficiary or estate at the time of death.
4. Upon death of a survivor of a member retired on accidental disability with spouse receiving accidental disability survivor benefits, the excess of the member's accumulated contributions at retirement over the sum of payments received.
5. Upon death of a retired member prior to electing an optional allowance, any excess of the member's accumulated contributions at retirement over the sum of retirement allowance payments received.

Member Contributions

Fire members: 11.80% of earnable compensation.
Police members: 11.55% of earnable compensation.

Member contributions cease for members who have attained vested status prior to January 1, 2012 with creditable service in excess of 40 years. Member contributions cease for all other Group II members with creditable service in excess of 42.5 years.

Interest on member contributions shall be 2 percentage points less than either the most recent board of trustees approved assumed rate of return determined under RSA 100-A:16, II(g) or the actual rate of return, whichever is lower.

Employer Contributions

As prescribed in RSA 100-A:16.

Temporary Supplemental Allowances

All System members who retired on or before July 1, 2014, or any beneficiaries of such members receiving a survivorship pension benefit shall receive a one-time 1.5% COLA on the first \$50,000 of an annual pension benefit. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020. The adjustment shall become a permanent addition to the member's base retirement allowance.

Other Ancillary Benefits

There are no ancillary benefits - retirement type benefits not required by statutes but which might be deemed a liability if continued beyond the availability of funding by the current funding source.



History of Recent Changes in Plan Provisions

2025 Legislative Session

House Bill No. 282:

This bill modifies the Group II, Tier B members' retirement benefit provisions to restore some of the benefits for Group II, Tier B (Police and Fire) members that were reduced by changes enacted in 2011. Group II, Tier B includes members who were hired by July 1, 2011, but not vested by January 1, 2012. Key elements of the amendment are:

- a. Changes the age and service requirements (see bullet two) and amends the definition of earnable compensation for members who were vested by January 1, 2013, and incrementally extends those changes to the remaining Group II, Tier B members over the next eight years.
- b. Reduces requirements for service retirement to age 45 with 20 years of creditable service from the current tiered system of ages 46 to 49 with 21 to 24 years of service, respectively, based on the phase-in schedule outlined in the bill.
- c. Earnable Compensation will include payouts of accrued holiday and vacation pay as well as severance pay.
- d. The maximum retirement benefit is increased to the lesser of 100% of average final compensation or \$145,000.
- e. Extends the 2.5% annuity multiplier to all years of creditable service once the member's vested by date becomes effective under the phase-in schedule outlined in the bill. The current multiplier ranges from 2.1% to 2.4% for the first 15 years of service, depending on Group II service accrued as of January 1, 2012, and 2.5% for creditable service beyond 15 years.
- f. Members retiring prior to their respective applicable vested by date will not be eligible for the enhanced benefits established by HB 282.
- g. The bill also prevents current retirees from obtaining the enhanced benefits by returning to service and re-retiring.

The state has appropriated \$14.5 million for the fiscal year ending June 30, 2026, and will appropriate \$27.5 million for each state fiscal year through 2034 to NHRS to fund the cost of benefits under this act. The bill also provides that the state will reimburse political subdivisions for employer contributions that are attributable to any increase in the "normal cost" associated with these benefit enhancements. An appropriation of \$14.5 million was made by the State in July 2025.

House Bill No. 2

This bill amends the Violent Accidental Disability Retirement benefit (VADR) by limiting benefits to members who were physically incapacitated in a way likely to be permanent and excluding mental injuries from the eligibility definition. This bill also clarifies Group II membership in the retirement system for certain positions with the Department of Safety.



History of Recent Changes in Plan Provisions (Continued)

2024 Legislative Session

House Bill No. 1647:

This bill modifies the Group II, Tier B members' retirement annuity multipliers. A member who retires under normal or ordinary disability retirement will receive a 2.5% multiplier for years of service in excess of 15 years. An appropriation of \$26 million was made by the State for this benefit.

House Bill No. 1559:

This bill establishes a retirement system benefit for Group II members who retire due to a violent act injury. The Group II member shall receive a violent accidental disability retirement allowance equal to the member's earnable compensation during their last 12 months of active service at the date of the member's disability or an annual allowance of \$75,000, whichever is greater. In addition, the maximum medical subsidy amount payable by the retirement system for a member who retires with a violent accidental disability benefit who is not entitled to Medicare benefits, is increased to \$1,000 per month, and the maximum for those entitled to Medicare benefits, is increased to \$630.63 per month.

House Bill No. 1307:

This bill grants a one-time payment of \$500 to retired members, or any beneficiaries of such members receiving a survivorship pension benefit, who retired on or before July 1, 2023, who are receiving an accidental disability retirement allowance, and who have an annual retirement allowance of no more than \$50,000. The one-time payment was made during state fiscal year 2025.

2023 Legislative Session

House Bill No. 2:

This bill modifies the effective date of the statutory pension recalculation for Group I (Employee and Teacher) members who retire on or after July 1, 2023. The change defers the recalculation of a Group I retiree's NHRS benefit to his or her full retirement age under the federal Social Security system.

This bill grants a one-time payment of \$500 to members who retired on or before July 1, 2018 with at least 20 years of creditable service, or any beneficiaries of such member who is receiving a survivorship pension benefit who has an annual retirement allowance of no more than \$40,000 on June 30, 2023. The one-time payment was made during state fiscal year 2024.

2022 Legislative Session

House Bill No. 1535:

This bill grants a one-time payment of \$500 to members who retired on or before July 1, 2017, or any beneficiaries of such member who is receiving a survivorship pension benefit who has an annual retirement allowance of no more than \$30,000 on June 30, 2022. The one-time payment was made during state fiscal year 2023.



History of Recent Changes in Plan Provisions (Continued)

House Bill No. 1587:

This bill modifies the calculation of compensation paid in excess of the full base rate of pay under the definition of Average Final Compensation (AFC) for Group II members hired prior to July 1, 2011, who had not attained vested status prior to January 1, 2012. The projected cost increase associated with this bill will be pre-funded by the state.

Senate Bill No. 363:

This bill allows members who commenced Group II service between January 1, 2002, and June 30, 2011, to purchase nonqualified service time in order to reduce certain transition provision requirements for service retirement. The member is responsible for paying the full actuarial cost of the service credit purchased.

2019 Legislative Session

House Bill No. 616:

This bill grants a one-time, 1.5% COLA on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiaries of such member who is receiving a survivorship pension benefit. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020. The adjustment shall become a permanent addition to the member's base retirement allowance.

2014 Legislative Session

House Bill No. 1494:

This bill: (1) adds definitions of terms used in RSA 100-A and clarifies existing definitions; (2) revises the procedure for calculating the cost of purchasing credit for certain types of prior service; (3) clarifies the ability to earn service credit while on a salary continuance plan; (4) corrects an inconsistency in the statute regarding the approval date of the Annual Comprehensive Financial Report; (5) adds penalties for employers who fail to remit correct data in a timely manner; and (6) repeals obsolete provisions.

2012 Legislative Session

- (a) Modifies the calculation of Average Final Compensation (AFC) for members not vested prior to January 1, 2012, by changing the "compensation over base pay" factor used in the AFC formula from a dollar average to a percentage average.
- (b) Clarifies the date from which NHRS must begin calculating a 7-year average of Extra or Special Duty Pay for Group II (Police and Fire) members vested prior to January 1, 2012. This change excludes from the calculation any months prior to July 1, 2009, which is when ESDP began to be separately reported to NHRS.
- (c) Clarifies the number of years of creditable service Group II (Police and Fire) members in service prior to July 1, 2011, but not vested prior to January 1, 2012, must have in order to qualify for the supplemental disability benefit available to eligible Accidental Disability retirees.



History of Recent Changes in Plan Provisions (Continued)

- (d) Changes the annual effective date of changes to the member interest rate from a fiscal year to a calendar year.
- (e) Clarifies the definition of “compensation over base pay” for members not vested prior to January 1, 2012.
- (f) Clarifies that the maximum benefit limit for members hired before July 1, 2009, is 100% of Earnable Compensation and the maximum benefit limit for members hired after that date, and not vested by January 1, 2012, is the lesser of 85 percent of AFC or \$120,000 per year.
- (g) Modifies the definition of “part-time” for NHRS retirees employed by NHRS-participating employers.
- (h) Changes the date by which NHRS Trustees must approve the retirement system’s Annual Comprehensive Financial Report from December 1 to December 31 of each year.
- (i) RSA 100-A:53, II; RSA 100-A:53-e, II; RSA 100-A:16, II(h); and RSA 100-A:16, II(j), relative to the Special Account, are repealed.
- (j) RSA 100-A:16, III-a, commonly known as the employer “spiking” assessment, is repealed.

2011 Legislative Session

Legislation enacted in the 2011 legislative session is summarized below:

House Bill No. 2 as Amended by 2011-2513-CofC:

- (a) Change the definition of Earnable Compensation for active members who begin service on or after July 1, 2011 or who are not in vested status on and after January 1, 2012.
- (b) For active members who commenced service on or after July 1, 2011 or who have non-vested status on or after January 1, 2012 AFC equals the average annual earnable compensation during the highest 5 years of creditable service.
- (c) For members who commenced service on or after July 1, 2009 or are non-vested as of January 1, 2012, a member’s retirement benefit shall not exceed the lesser of 85% of the member’s highest average final compensation or \$120,000.
- (d) Group I members commencing service on or after July 1, 2011 are eligible to retire at age 65 and are eligible for a reduced annuity at age 60 with 30 years of creditable service. Prior to age 65, the state annuity, together with the member annuity, shall be equal to 1/66th of AFC times creditable service reduced for each month prior to the month after the member attains age 65 by 1/4 of 1%. After age 65, the state annuity, together with the member annuity, shall be equal to 1/66th of AFC times creditable service, reduced for each month prior to the month after the member attains age 65 by 1/4 of 1%.



History of Recent Changes in Plan Provisions (Continued)

- (e) Group II members commencing service on or after July 1, 2011 are eligible to retire at age 50 with 25 years of creditable service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a service retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age, by $\frac{1}{4}$ of 1%.
- (f) Group II members hired prior to July 1, 2011 who have non-vested status as of January 1, 2012 shall be subject to transition provisions for years of service required for regular service retirement, the minimum age for regular service retirement, and the multiplier used to calculate the retirement annuity, which shall be applicable on January 1, 2012.
- (g) Group II members commencing service on or after July 1, 2011 are eligible for an accidental disability benefit and shall receive a benefit equal to $\frac{2}{3}$ of AFC. If a member has more than $33\frac{1}{3}$ years of service, the member will receive a supplemental disability benefit equal to 2% of AFC times years of creditable service in excess of $33\frac{1}{3}$ years but not in excess of 42.5 years.
- (h) *Member Contributions*
Group I members: 7.0% of earnable compensation.
Group II fire members: 11.80% of earnable compensation.
Group II police members: 11.55% of earnable compensation.
Group II member contributions cease for members who are in vested status before January 1, 2012 with creditable service in excess of 40 years. Member contributions cease for all other Group II members with creditable service in excess of 42.5 years.
- (i) *Medical Subsidy* – After July 1, 2007 and including each July 1, thereafter, the rate payable shall not be increased.
- (j) Interest on the individual accounts of members in the member annuity savings fund shall be credited interest at 2 percentage points less than either the most recent board of trustees approved assumed rate of return determined under RSA 100-A:16, II(h) or the actual rate of return, whichever is lower for the immediately preceding fiscal year as reported in the ACFR as approved and accepted by the board of trustees by December 1, of each year, provided the rate shall not be less than zero.
- (k) Any retired member who is receiving a medical subsidy under RSA 100-A:52 or RSA 100-A:52-a shall be entitled to receive an additional supplemental allowance. The amount of the additional temporary supplemental allowance shall be \$500 for retirees taking a one-person medical benefit and \$1,000 for retirees taking a 2-person medical benefit, paid from the respective component of the reserve for TSAs. The supplemental allowance shall apply only for the fiscal years beginning July 1, 2008 up to and including the fiscal year beginning July 1, 2012.
- (l) Transfer the balance in each special account component (Employees, Teachers, Police and Fire) to the corresponding components of the State annuity accumulation fund except for funds necessary to comply with RSA 100-A:41-d, III as amended.

History of Recent Changes in Plan Provisions (Concluded)

2010 Legislative Session

Legislation enacted in the 2010 legislative session is summarized below:

- (a) **Special Session House Bill No. 1: COLA, TSA approved** - Provides cost-of-living adjustments (COLAs) and temporary supplemental allowances (TSAs) for eligible retirees or beneficiaries;
- (b) **Senate Bill 504: "Spiking" provision deferred** - Extends the effective date of the 2008 legislation creating the so-called "spiking" provision (125% assessment) from July 1, 2010 to July 1, 2011. A study commission continues to evaluate proposals for the assessment methodology; and
- (c) **House Bill 1668: State medical subsidy insurance for Group II members [RSA 21-130]** - Requires Group II (Police and Fire) members whose service with a state agency or department began on or after July 1, 2010, complete at least 20 years of creditable service with the state in order to qualify for post-retirement state medical subsidy insurance coverage.

Medical Subsidy Plan Provisions

Subsidy Benefits as of July 1, 2007 and thereafter are as follows:

	Monthly Amounts	
	Pre-65	Post-65
Single	\$375.56	\$236.84
Couple	\$751.12	\$473.68

The above amounts will not increase.

The following Group I members and their qualified spouses are eligible for coverage under the postretirement medical plan:

- Employee and Teacher members of political subdivisions who are eligible to retire as of July 1, 2008, on Service, Early Service or Ordinary Disability, have at least 20 years of credited service as of July 1, 2008 and who actually retire on or before July 1, 2009 would become eligible for the medical subsidy at age 60 with at least 20 years of creditable service; or as early as age 55 with at least 30 years of creditable service.
- Employee and Teacher members of political subdivisions who are eligible to retire as of July 1, 2008, on Vested Deferred retirement and who actually retire on or before July 1, 2009 would become eligible for the medical subsidy at age 60 with at least 20 years of creditable service; or as early as age 55 with at least 30 years of creditable service.
- Employee and Teacher members of political subdivisions who retired on Accidental Disability Retirement on or before July 1, 2004.
- Employee members of the State who retired on or before July 1, 2004, on Service, Ordinary Disability or Vested Deferred Retirement would become eligible for the medical subsidy at age 60 with at least 20 years of creditable service; or as early as age 55 with at least 30 years of creditable service.
- Employee and Teacher members of political subdivisions who are eligible to retire as of July 1, 2008 and who actually retire on or before July 1, 2009, on Service, Early Service, Vested Deferred or Ordinary Disability retirement after completing at least 20 years of creditable service and who subsequently attain age 60 or after completing at least 30 years of creditable service and who subsequently attain age 55.
- Surviving spouses of deceased Employee and Teacher members of political subdivisions who die while in service and would otherwise have been eligible for a medical subsidy benefit, provided that such surviving spouse was covered as the member's spouse in the employer-sponsored plan before the member's death and is entitled to a monthly allowance under Accidental Death, Ordinary Death, or an Optional Allowance.
- Surviving spouses and children of Employee and Teacher members of political subdivisions who die as the natural and proximate result of injuries suffered while in the performance of duty. Eligibility for the medical subsidy ceases when the dependent child attains age 18, or age 23 if attending school on a full-time basis.

Medical Subsidy Plan Provisions (Concluded)

- Surviving spouses and children of Employee members of the State who died as the natural and proximate result of injuries suffered while in the performance of duty. Payment of the subsidy ceases when the dependent child attains age 18 or age 23, if attending school on a full-time basis.
- Vested terminated Employee members of the State (and spouses) who completed at least 20 years of creditable service and prior to July 1, 2004 receives an allowance and who subsequently attains age 60.
- Employee members of the State (and spouses) who retire after completing at least 20 years of creditable service and who subsequently attains age 60 before July 1, 2004 or after completing at least 30 years of creditable service and who subsequently attains age 55 before July 1, 2004.
- Surviving spouses of deceased Employee members of the State who died while in service on or before July 1, 2004, provided that such surviving spouse was covered as the member's spouse in the employer-sponsored plan before the member's death and is entitled to a monthly allowance under Accidental Death, Ordinary Death, or an Optional Allowance.
- Any certifiably dependent child with a disability living in the household and being cared for by the qualified retired member, member's spouse, or qualified surviving spouse would also qualify.

The following Group II members are eligible for the postretirement medical premium subsidy:

- Active or Retired Group II police officer members (or beneficiaries) as of June 30, 2000.
- Active or Retired Group II firefighter members (or beneficiaries) as of June 30, 2000.
- Persons who prior to July 1, 1988 had completed at least 20 years of Group II service and are eligible as of July 1, 1993 for a vested deferred retirement benefit.
- Group II members retired as of July 1, 1991 with a split benefit under RSA 100-A:19-c who have at least 10 years of Group II service.
- Group II members as of June 30, 2005 who subsequently became disabled while in the performance of duty at any time in the future.
- Surviving spouses of deceased Group II members who retired prior to April 1, 1987 and who are not receiving a monthly allowance.
- Any Group II member retired on a violent accidental disability retirement allowance
 - The maximum medical subsidy amount payable by the retirement system for a member who retires with violent accidental disability benefit who is not entitled to Medicare benefits is \$1,000 per month and the maximum for those entitled to Medicare benefits is \$630.63 per month.

The System subsidy covers the retired member's spouse and any of the retired member's certifiably dependent and disabled children.

It is the legislative intent that future members shall be included only to the extent that the total cost can be terminally funded.



SECTION H

FUNDING POLICY

New Hampshire Retirement System
Actuarial Funding Policy
(Adopted: March 11, 2014
Revised: March 10, 2020)

FUNDING OBJECTIVES

The main financial objective of the New Hampshire Retirement System (NHRS) is to receive employer and member contributions to fund the long-term costs of benefits provided by statute to plan members and beneficiaries. From the perspective of the members and beneficiaries, a funding policy based on actuarially determined contributions is one which will pay all benefits provided by statute when due. From the perspective of the contributing plan sponsors and taxpayers, the actuarially determined contributions have the additional objectives of keeping contribution rates relatively stable as a percentage of active member payroll and equitably allocating the costs over the active members' period of active service. For pension funding, the payment of benefits is supported in part by income earned on investment assets. This funding policy meets those criteria. It is stipulated by state law and implemented through the application of Board adopted governance policies.

Statutory Pension Funding Policy for NHRS

The statute that establishes the pension funding policy for NHRS is RSA 100-A:16.

RSA 100-A:16 Excerpts:

100-A:16 Method of Financing – All of the assets of the Retirement System shall be credited, according to the purpose for which they are held, between 2 funds, namely, the member annuity savings fund and the state annuity accumulation fund. Each of the funds shall be subdivided on account of the various member classifications. In making the determinations required under this section for financing the Retirement System, the Board of Trustees shall use the entry age normal funding methodology. The Board of Trustees shall direct the System's actuary to prepare biennial valuations of the System's assets and liabilities commencing with the valuation prepared as of June 30, 2007. Such biennial valuation shall be the basis for determining the annual contribution requirements of the System until the next following biennial valuation.

II(b) The contributions of each employer for benefits under the retirement system on account of group II members shall consist of a percentage of the earnable compensation of its members to be known as the "normal contribution," and an additional amount to be known as the "accrued liability contribution;" provided that beginning with state fiscal year 2013 and for each state fiscal year thereafter, any employer shall pay the full amount of such total contributions. The rate percent of such normal contribution, including contributions on behalf of group II members whose group II creditable service is in excess of 40 years, in each instance shall be fixed on the basis of the liabilities of the system with respect to the particular members of the various member classifications as shown by actuarial valuations,

II(c) The contributions of each employer for benefits under the retirement system on account of group I members shall consist of a percentage of the earnable compensation of its members to be known as the "normal contribution," and an additional amount to be known as the "accrued liability contribution;" provided that beginning with state fiscal year 2013 and for each state fiscal



New Hampshire Retirement System
Actuarial Funding Policy
(Adopted: March 11, 2014
Revised: March 10, 2020)

year thereafter, any employer shall pay both normal and accrued liability contributions. The rate percent of such normal contribution in each instance shall be fixed on the basis of the liabilities of the system with respect to the particular members of the various member classifications as shown by actuarial valuation,

...

II(e)(1) Immediately following the actuarial valuation prepared as of June 30 of each fiscal year, the Board shall have an actuary determine the amount of the unfunded accrued liability for each member classification as the amount of the total liabilities of the state annuity accumulation fund on account of such classification which is not dischargeable by the total of the funds in hand to the credit of the state annuity accumulation fund on account of such classification, and the aforesaid normal contributions to be made on account of the members in such classification during the remainder of their active service. The amount so determined with respect to each member classification shall be known as the "unfunded accrued liability" with respect to such classification.

(2) On the basis of each such unfunded accrued liability, the board shall have an actuary determine the level annual contribution required to discharge such amount as provided in subparagraph (3).

(3) The unfunded liability as of June 30, 2017 shall be amortized through 2039. Each subsequent change in liability as calculated in odd-numbered years shall be separately amortized over a fixed period of no longer than 20 years.

Board Established Policy Associated with Funding:

Actuarial Cost Method

The law stipulates under RSA 100-A:16 the use of the entry age normal actuarial cost method for each of the four member classifications. The purpose of this method is to determine the annual Normal Cost for each individual active member, payable from the date of employment to the date of retirement, that is:

Sufficient to accumulate to the value of the member's benefit at the time of retirement, and a constant percentage of the member's year by year projected covered pay.

The Actuarial Accrued Liability under this cost method is the accumulation of normal costs accrued prior to the actuarial valuation date. The Actuarial Accrued Liability represents the theoretical amount of assets required to fund benefits earned on members' past service. The Normal Cost represents the cost required to fund benefits accruing during the current year.

Under RSA 100-A:16, II (i), if the actuarially determined normal contribution rate as set forth in subparagraphs (b) and (c) on account of any of the various member classifications shall be negative in any fiscal year, then the excess amount resulting from the difference between zero and the negative actuarially determined normal contribution rate shall be used to reduce the member contribution rate for that member classification in that fiscal year.



New Hampshire Retirement System
Actuarial Funding Policy
(Adopted: March 11, 2014
Revised: March 10, 2020)

Under RSA 100-A:16, II-a(a), if within a member classification the employer rates have lowered to require them to be equal to the member rates, then for all subsequent years the employer rates and the members' rates for such member classification shall continue to be equal whether the system liabilities increase or decrease.

Asset Valuation Method

The Actuarial Value of Assets is based on the market value with investment gains and losses smoothed over 5 years. The Actuarial Value of Assets will not consistently be above or below the Market Value and is expected to converge to the Market Value in a relatively short period of time. At any time, it may be either greater or less than Market Value. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than Market Value. If assumed rates are exactly realized for 4 consecutive years, the Actuarial Value will become equal to Market Value.

Actuarial Value is limited to a 20% corridor around the Market Value. This means that if the preliminary development of the Actuarial Value results in an amount that is greater than 120% of the Market Value (or less than 80% of the Market Value), the final Actuarial Value is limited to 120% (or 80%) of the Market Value. Any gains or losses on the Market Value outside of the 20% corridor are therefore recognized immediately.

Amortization Method

Pursuant to the Laws of 2018, Chapter 48, RSA 100-A:16, II(e), was revised in June 2018 and stipulates that the Unfunded Accrued Actuarial Liability as of June 30, 2017 shall be amortized through 2039. It further states that each subsequent change in liability as calculated in odd-years will be amortized as a level percentage of pay for no longer than 20 years. For each Actuarial Valuation in the subsequent odd years, a new 20-year amortization, as a level percentage of payroll, of the actuarial gain or loss will be created in that actuarial valuation. This Actuarial Funding Policy implements the intent of the statute.

Beginning with the June 30, 2007 actuarial valuation which determined the employer contribution rates beginning with the fiscal year ending June 30, 2010, the 30-year period is a closed period ending June 30, 2039.

The amortization method is a level percentage of payroll, consistent with RSA 100-A:16, II(b) and (c).

Funding Target

The funding objective is to achieve 100% funding. For this purpose, 100% funding means that the Actuarial Value of Assets equals the Actuarial Accrued Liability. The amortization objective is to reach 100% funding by June 30, 2039 for the Unfunded Accrued Actuarial Liability as of June 30, 2017.



New Hampshire Retirement System
Actuarial Funding Policy
(Adopted: March 11, 2014
Revised: March 10, 2020)

Risk Management

The main financial objective of this funding policy is to fund the long-term costs of benefits provided by statute to plan members and beneficiaries. There are numerous risks that NHRS faces in trying to achieve this objective including funding risk, demographic risk, investment risk, and benefit risk. The Board policies for managing these risks are outlined in this section.

Funding Risk

Frequency of Actuarial Valuations

Regular valuations manage funding risk by allowing employer contribution rates to reflect actual experience as it emerges. Funding valuations are required by RSA 100- A:16, III, as of June 30 every other year on the odd years to determine employer contribution rates for the biennium beginning two years after the valuation date.

Interim funding valuations on June 30 of the even years are required for financial reporting. Funding calculations from interim valuations may be used as additional information for budgeting contributions in anticipation of the next rate setting valuation.

Demographic and Investment Risk

Process for Reviewing and Updating Actuarial Assumptions

The Board adopts actuarial assumptions based on recommendations of the actuary. Demographic and investment risks may be managed in part by having regular reviews of the actuarial assumptions. The law stipulates that the Board shall have the actuary make an actuarial investigation into the experience of the System at least every 5 years (RSA 100-A:14, IX) and shall adopt actuarial assumptions as necessary. The Board shall have the actuary make an actuarial investigation into the experience of the System every 4 years and shall adopt actuarial assumptions as necessary. If circumstances warrant, the Board may undertake an experience study or change assumptions more frequently based on the recommendation of the actuary.

The experience study report shall include, but not necessarily be limited to analysis of and recommendations regarding the following assumptions.

- i. Pre-retirement withdrawal rates
- ii. Retirement rates
- iii. Disability rates
- iv. Pay increase rates
- v. Mortality rates both before and after retirement
- vi. Investment returns considering both real return and inflation, which must be consistent with the investment policy



New Hampshire Retirement System
Actuarial Funding Policy
(Adopted: March 11, 2014
Revised: March 10, 2020)

The actuary shall assume no change in the active member population unless there is compelling evidence to support the expectation of a significant increase or decrease in the workforce covered by the System.

The experience study report will serve as the basis for determinations by the Board regarding whether or not demographic or economic assumptions should be modified for future valuations.

In the interim years, the actuary shall issue a written opinion in regard to the reasonableness of the assumed rate of return that shall address any difference between the assumed rate of return and the expected rate of return as determined by the investment committee (RSA 100-A:15, VII(c)(1)).

Responding to Favorable/Unfavorable Investment Experience

Investment risk is addressed in the System's Investment Manual. Annual investment experience other than assumed is reflected in the valuation asset method described above.

Asset Liability Studies

The Board adopts an asset allocation based on recommendations from the Independent Investment Committee (IIC), which relies upon the advice from the Director of Investments and the Investment Consultant to formulate its recommendations to the Board. The asset allocation approved by the Board will reflect the results of an Asset Liability Study performed at least once in every five-year period, or more often, as recommended by the IIC, System staff, and Investment Consultant.

Risk Measures

In order to quantify the risks outlined in this actuarial funding policy, the following metrics will be included in annual valuation reports. These metrics provide quantifiable measurements of risk and its movement over time:

- i. Funded ratio (Actuarial Value of Assets divided by Actuarial Accrued Liability).
 - Measures progress towards the funding objective of the 100% target funded ratio.
- ii. Actual Total Payroll versus expected Total Payroll for each member classification.
 - Measures the funding risk associated with receiving contributions as a level percent of payroll.
- iii. Dollar standard deviation of investment return divided by Total Payroll
 - Measures the risk associated with negative asset returns relative impact on the funded status of the plan. A decrease in this measure indicates a decrease in investment risk.

New Hampshire Retirement System
Actuarial Funding Policy
(Adopted: March 11, 2014
Revised: March 10, 2020)

- iv. Total Unfunded Actuarial Accrued Liability (UAAL) divided by Total Payroll
 - Measures the risk associated with contribution decreases relative impact on the ability to fund the UAAL. A decrease in this measure indicates a decrease in contribution risk.
- v. Total Actuarial Accrued Liability (AAL) divided by Total Payroll
 - Measures the risk associated with the ability to respond to liability experience through adjustments in contributions. A decrease in this measure indicates a decrease in experience risk. This also provides a long-term measure of the asset risk in situations where the System has a funded ratio below 100%.
- vi. Total Actuarial Value of Assets divided by Total Payroll
 - Measures the risk associated with the ability to respond to asset experience through adjustments in contributions. A decrease in this measure indicates a decrease in asset risk.
- vii. Dollar standard deviation of contribution rate divided by Total Payroll
 - Measures the impact of a one standard deviation change in investment return on the annual contribution rate. This rate is expected to stabilize with the introduction of layered amortization.
- viii. Net Cash Flow as a Percent of Market Value of Assets
 - Measures money coming in less money going out. This ratio is expected to be negative and trend toward the negative of the real return assumption.
- ix. Ratio of Actives to Retirees
 - Fully mature plans may have ratios near 1.0.

Benefit Risk

Responding to Legislative Proposals and Changes

Benefit risk may be managed as follows:

1. The NHRS shall review legislative proposals and changes for the potential legal, administrative, IRC compliance, and funding impact on the System. If a legislative proposal has the potential for a meaningful impact on plan funding, the Board shall consult with the actuary to estimate the actuarial impact to the System.
2. Under RSA 100-A:15 VII (d), the NHRS may request or recommend legislative proposals to comply with other state or federal regulations, improve administration, or secure funding for benefits provided by statute.

The NHRS does not determine the eligibility requirements for benefits nor the level of benefits.

New Hampshire Retirement System
Actuarial Funding Policy
(Adopted: March 11, 2014
Revised: March 10, 2020)

Statutory Medical Subsidy Funding Policy for NHRS

The statutes that establish the medical subsidy funding policy for NHRS are RSA 100-A:53, 53-b, 53-c, and 53-d.

RSA 100-A:53, 53-b, 53-c, and 53-d Excerpts:

Medical Subsidy Funding Policy

Medical Subsidy benefits provided through NHRS are funded on a pay-as-you-go basis. The medical subsidy benefits provided by statute are fixed amounts for a declining population and therefore pay-as-you-go is a reasonable funding method.

The four sections of the statute refer to four separate member classifications for funding Medical Subsidy benefits provided through the NHRS. These member classifications differ from the pension member classifications and are RSA 100-A:53, Group II; 100-A:53-b, Group I Teachers; 100-A:53-c, Group I Political Subdivision Employees; 100-A:53-d, Group I State Employees.

The comparable funding provisions of the four sections of the statute are as follows:

The benefits provided under RSA 100-A:52, 52-a, and 52-b shall be provided by a 401(h) subtrust of the New Hampshire Retirement System. Beginning July 1, 2009, the 401(h) subtrust shall be funded by allocating to the subtrust the lesser of:

- (a) 25 percent of member classification employer contributions; or
- (b) The percentage of employer contributions made for the member classification determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:52, 52-a, and 52-b.

All contributions made to the Retirement System to provide medical benefits under RSA 100-A:52, 52-a, and 52-b shall be maintained in a separate account, the 401(h) subtrust. All funds and accumulated interest shall not be used for or diverted to any purpose other than to provide said medical benefits. Similarly, none of the funds accumulated to provide the retirement benefits set forth in this chapter, may be used or diverted to provide medical benefits under RSA 100-A:52, 52-a, and 52-b. The funds, if any, providing medical benefits under RSA 100-A:52, 52-a, and 52-b may be invested pursuant to the provisions of RSA 100-A:15.

Board Established Policy Associated with Funding:

The law stipulates under RSA 100-A:53, 53-b, 53-c, and 53-d the minimum rate necessary to maintain benefits. For purposes of this determination, the contribution rate calculations are made with respect to



New Hampshire Retirement System
Actuarial Funding Policy
(Adopted: March 11, 2014
Revised: March 10, 2020)

the market value of assets for each member classification separately. Any shortfall in assets for a member classification is to be made up through funding in the nearest rate setting biennium.

Risk Management

There are fewer risks in a pay-as-you-go medical subsidy arrangement than for pension pre-funding.

Solvency Risk

The greatest risk facing the pay-as-you-go financing of the statutory medical subsidy benefits is maintaining solvency of the four IRC Section 401(h) subtrusts. The contribution rate setting based on the June 30th valuation in the odd years determines the rates for the biennium beginning two years after the valuation and ending four years after the valuation date.

In order to mitigate the financing risk, the Board has adopted a policy of determining the employer contribution rate such that the expected assets in each of the four subtrusts will exceed the expected benefit payments for the year by at least 20% (50% for Teachers) each year. This is referred to as a solvency margin. The Board may review the sufficiency of the margin and make changes based upon the recommendation of the actuary.

Risk Measures

In order to quantify the risks outlined in this actuarial funding policy, the following metrics will be included in annual valuation reports. These metrics provide quantifiable measurements of risk and its movement over time:

- i. 20-year projections of contributions and benefit payments.
 - Measures progress towards the funding objective of solvency with a 20% margin (50% for Teachers).
- ii. Actual Total Payroll versus expected Total Payroll for each member classification.
 - Measures the funding risk associated with receiving contributions as a level percent of payroll.

Miscellaneous Matters Associated with Funding:

Overall Conformance with Professional Standards of Practice

By law, the actuary shall be a member of the American Academy of Actuaries and have at least 7 years of actuarial experience (RSA 100-A:1, XXIX). The actuary shall meet the Qualification Standards of the American Academy of Actuaries and the work of the actuary in connection with this policy shall conform to Actuarial Standards of Practice for public employee retirement plans promulgated by the Actuarial Standards Board and shall satisfy the requirements of the Governmental Accounting Standards Board with respect to the development of information needed by the system and by employers for financial reporting purposes.



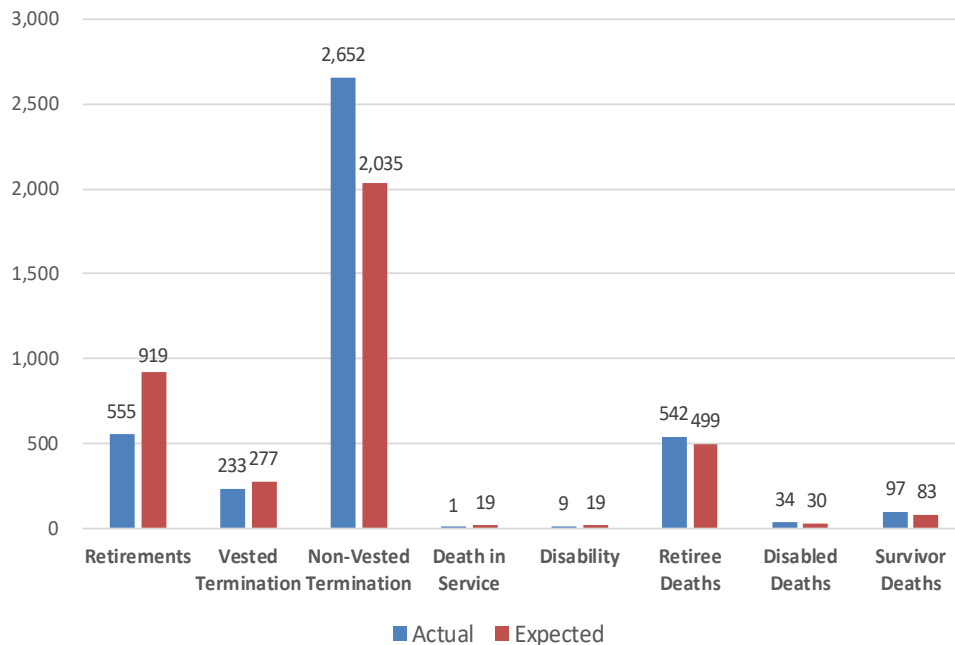
APPENDIX

SUPPLEMENTAL DATA SCHEDULES

Reconciliation of Member Record Counts – Employees

	Active Members	Inactive, Nonretired Members		Annuitants		
		Vested	Non- Vested	Service Retirees	Disabled Retirees	Survivors
Participants 6/30/2024	25,402	1,830	14,022	19,236	907	1,900
Terminations - Refund paid	(877)	(88)	(283)			
Terminations - Refund due	(1,775)	0	1,775			
Vested Termination	(233)	233				
Retirement	(555)	(93)		667	3	
Disability	(9)				9	
Death before retirement - refund	0	0	0			
Death before retirement - annuity	(1)					1
Death of annuitant - survivor benefit due				(85)	(4)	95
Death of annuitant - no further benefits due				(457)	(30)	(97)
New Entrants	2,867					
Transfers to Other Member Group	(145)					
Transfers from Other Member Group	106					
Reemployments	259	(56)	(199)	(4)	0	
Data adjustments and corrections	(147)	1	108	89		(48)
Participants 6/30/2025	24,892	1,827	15,423	19,446	885	1,851

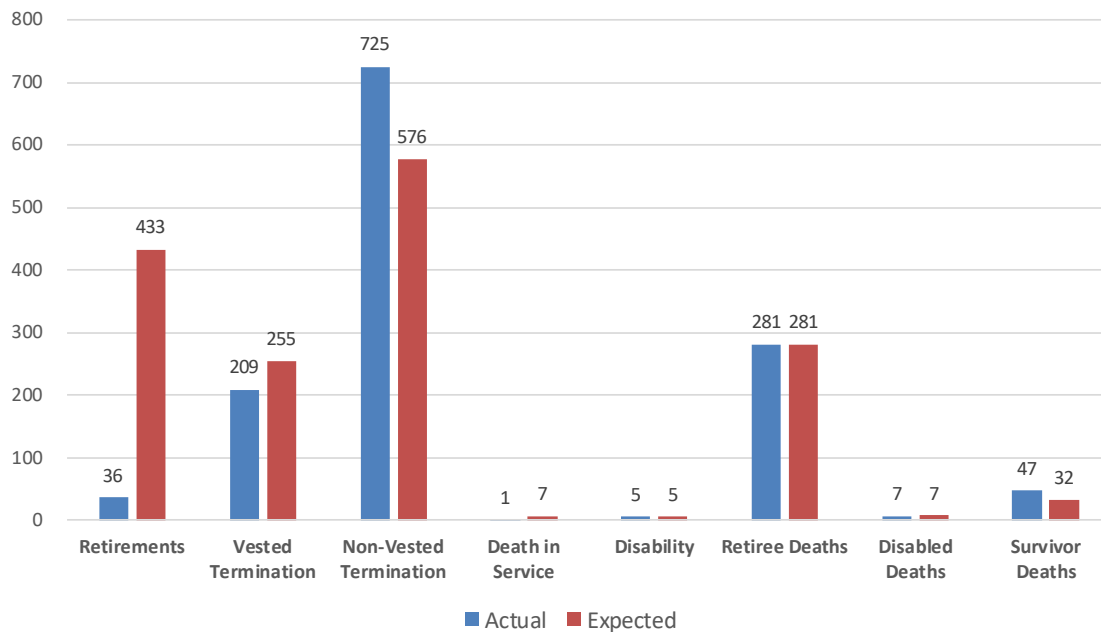
Actual vs. Expected Decrements - Employees



Reconciliation of Member Record Counts – Teachers

	Active Members	Inactive, Nonretired Members		Annuitants		
		Vested	Non-Vested	Service Retirees	Disabled Retirees	Survivors
Participants 6/30/2024	17,655	1,427	4,853	15,167	200	999
Terminations - Refund paid	(78)	(55)	(108)			
Terminations - Refund due	(647)	0	647			
Vested Termination	(209)	209				
Retirement	(36)	(50)		87	1	
Disability	(5)				5	
Death before retirement - refund	0	0	0			
Death before retirement - annuity	(1)					1
Death of annuitant - survivor benefit due				(59)	(1)	63
Death of annuitant - no further benefits due				(222)	(6)	(47)
New Entrants	950					
Transfers to Other Member Group	(89)					
Transfers from Other Member Group	117					
Reemployments	186	(64)	(109)	(13)	0	
Data adjustments and corrections	(96)	(2)	1	171	4	(16)
Participants 6/30/2025	17,747	1,465	5,284	15,131	203	1,000

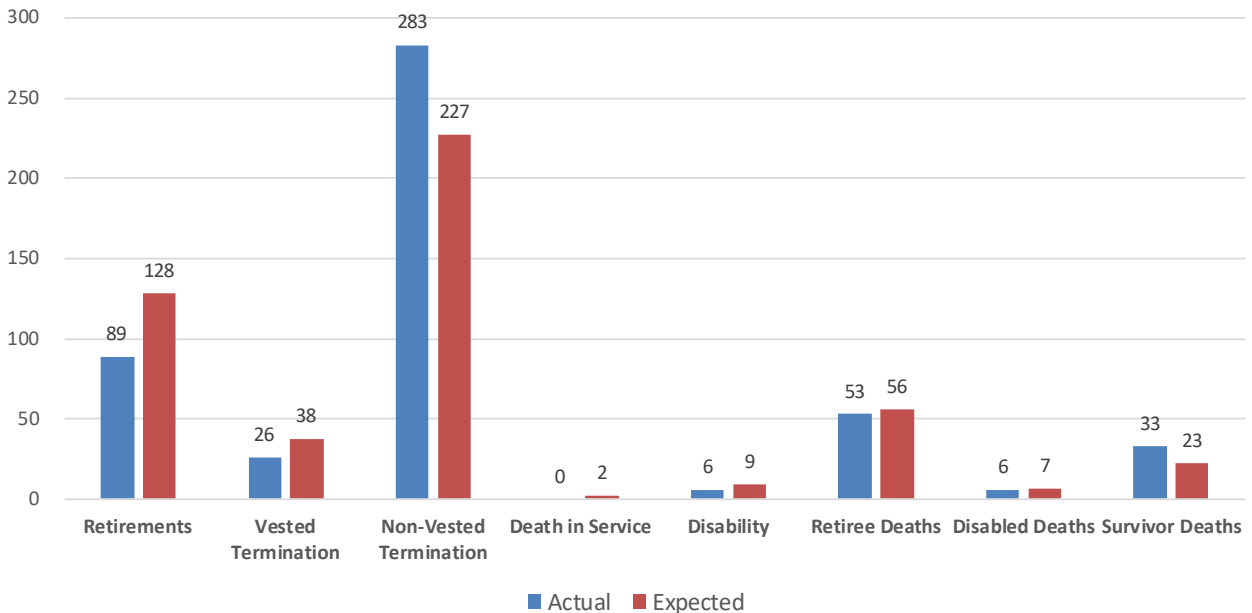
Actual vs. Expected Decrements - Teachers



Reconciliation of Member Record Counts – Police

	Active Members	Inactive, Nonretired Members		Annuitants		
		Vested	Non-Vested	Service Retirees	Disabled Retirees	Survivors
Participants 6/30/2024	4,126	183	1,164	3,806	429	674
Terminations - Refund paid	(114)	(12)	(41)			
Terminations - Refund due	(169)	0	169			
Vested Termination	(26)	26				
Retirement	(89)	(8)		105	1	
Disability	(6)				6	
Death before retirement - refund	0	0	0			
Death before retirement - annuity	0					0
Death of annuitant - survivor benefit due				(20)	(2)	37
Death of annuitant - no further benefits due				(33)	(4)	(33)
New Entrants	309					
Transfers to Other Member Group	(18)					
Transfers from Other Member Group	23					
Reemployments	17	(3)	(10)	(5)	0	
Data adjustments and corrections	(22)	0	23	37	3	(17)
Participants 6/30/2025	4,031	186	1,305	3,890	433	661

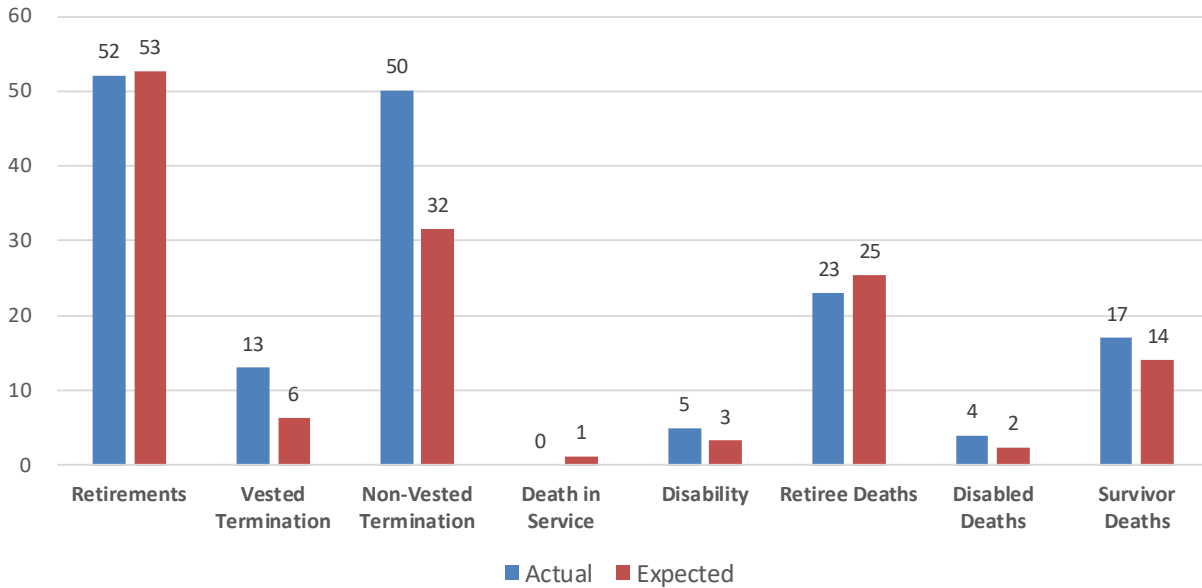
Actual vs. Expected Decrements - Police



Reconciliation of Member Record Counts – Fire

	Active Members	Inactive, Nonretired Members		Annuitants		
		Vested	Non-Vested	Service Retirees	Disabled Retirees	Survivors
Participants 6/30/2024	1,806	53	120	1,520	137	355
Terminations - Refund paid	(25)	(4)	(12)			
Terminations - Refund due	(25)	0	25			
Vested Termination	(13)	13				
Retirement	(52)	(3)		55	0	
Disability	(5)				5	
Death before retirement - refund	0	0	0			
Death before retirement - annuity	0					0
Death of annuitant - survivor benefit due				(1)	0	1
Death of annuitant - no further benefits due				(22)	(4)	(17)
New Entrants	172					
Transfers to Other Member Group	(3)					
Transfers from Other Member Group	9					
Reemployments	12	(1)	(8)	(3)	0	
Data adjustments and corrections	(4)	0	1	20	1	7
Participants 6/30/2025	1,872	58	126	1,569	139	346

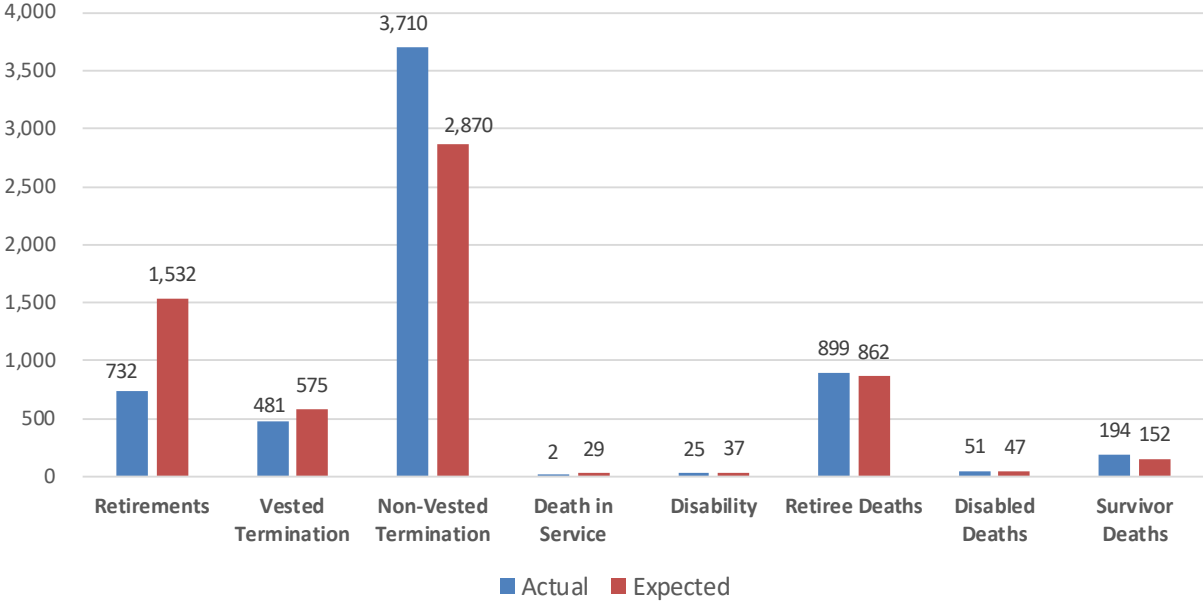
Actual vs. Expected Decrements - Fire



Reconciliation of Member Record Counts – NHRS Total

	Inactive, Nonretired Members			Annuitants		
	Active Members	Vested	Non- Vested	Service Retirees	Disabled Retirees	Survivors
Participants 6/30/2024	48,989	3,493	20,159	39,729	1,673	3,928
Terminations - Refund paid	(1,094)	(159)	(444)			
Terminations - Refund due	(2,616)		2,616			
Vested Termination	(481)	481				
Retirement	(732)	(154)		914	5	
Disability	(25)				25	
Death before retirement - refund	0	0	0			
Death before retirement - annuity	(2)					2
Death of annuitant - survivor benefit due				(165)	(7)	196
Death of annuitant - no further benefits due				(734)	(44)	(194)
New Entrants	4,298					
Reemployments	474	(124)	(326)	(25)		
Data adjustments and corrections	(269)	(1)	133	317	8	(74)
Participants 6/30/2025	48,542	3,536	22,138	40,036	1,660	3,858

Actual vs. Expected Decrements - NHRS Total



Historical Member Data – Actives

Employees

Fiscal Year	Active Members		Valuation Payroll		Average Salary		Average Age	Average Service
	Number	Percent Change	Amount in \$ Thousands	Percent Change	\$ Amount	Percent Change		
2025	24,892	-2.0%	\$ 1,614,825	3.4%	\$ 64,873	5.5%	48.3	9.9
2024	25,402	3.1%	1,562,280	10.6%	61,502	7.3%	48.0	9.6
2023	24,640	0.0%	1,412,494	3.3%	57,325	3.3%	48.7	10.1
2022	24,644	0.4%	1,367,483	5.1%	55,489	4.7%	48.7	10.3
2021	24,558	-0.2%	1,300,926	2.1%	52,974	2.2%	48.9	10.7
2020	24,602	-0.2%	1,274,597	2.4%	51,809	2.6%	49.0	10.8
2019	24,654	0.6%	1,244,930	3.3%	50,496	2.7%	49.0	10.8
2018	24,511	0.1%	1,205,121	2.2%	49,167	2.0%	49.1	11.0
2017	24,478	-0.2%	1,179,518	3.8%	48,187	4.0%	49.2	11.1
2016	24,520	0.9%	1,136,451	0.8%	46,348	-0.1%	49.2	11.2
2015	24,298	-1.0%	1,127,766	3.6%	46,414	4.7%	49.2	11.2
2014	24,545	-1.1%	1,088,508	0.9%	44,347	1.9%	49.2	11.2
2013	24,809	0.3%	1,079,245	0.2%	43,502	0.0%		
2012	24,747	-3.1%	1,076,831	-3.3%	43,514	-0.2%		
2011	25,539	-1.7%	1,113,867	1.9%	43,614	3.7%		
2010	25,987	-1.4%	1,093,147	1.3%	42,065	2.7%		
2009	26,352	-0.6%	1,079,157	6.8%	40,952	7.5%		
2008	26,507	0.1%	1,010,032	7.2%	38,104	7.1%		
2007	26,474	0.2%	942,319	7.2%	35,594	6.9%		
2005	26,414	0.2%	879,419	10.2%	33,294	10.0%		

Teachers

Fiscal Year	Active Members		Valuation Payroll		Average Salary		Average Age	Average Service
	Number	Percent Change	Amount in \$ Thousands	Percent Change	\$ Amount	Percent Change		
2025	17,747	0.5%	\$ 1,325,096	5.3%	\$ 74,666	4.8%	46.0	13.4
2024	17,655	-2.7%	1,258,083	-0.2%	71,259	2.6%	45.3	12.7
2023	18,141	-0.4%	1,260,240	2.7%	69,469	3.2%	45.5	13.0
2022	18,217	0.5%	1,226,570	2.4%	67,331	1.9%	45.5	13.1
2021	18,131	1.2%	1,198,236	3.2%	66,088	2.0%	45.6	13.2
2020	17,917	1.1%	1,160,884	2.2%	64,792	1.2%	45.8	13.3
2019	17,730	-0.1%	1,135,607	1.7%	64,050	1.9%	46.0	13.4
2018	17,752	0.8%	1,116,218	4.0%	62,878	3.2%	46.0	13.4
2017	17,617	-0.9%	1,073,447	0.7%	60,932	1.7%	46.1	13.5
2016	17,784	0.3%	1,065,621	1.4%	59,920	1.1%	46.2	13.5
2015	17,732	-1.4%	1,050,447	1.6%	59,240	3.1%	46.3	13.4
2014	17,986	-0.5%	1,033,867	-0.6%	57,482	0.0%	46.3	13.4
2013	18,084	-0.4%	1,039,933	0.3%	57,506	0.7%		
2012	18,161	-1.7%	1,036,605	0.0%	57,079	1.7%		
2011	18,466	-0.7%	1,036,376	1.5%	56,123	2.3%		
2010	18,603	-0.6%	1,020,745	1.7%	54,870	2.3%		
2009	18,709	1.1%	1,003,514	4.9%	53,638	3.7%		
2008	18,509	0.2%	957,068	3.8%	51,708	3.6%		
2007	18,477	0.0%	922,308	8.3%	49,917	8.3%		
2005	18,474	-1.3%	851,664	6.5%	46,101	7.9%		



Historical Member Data – Actives

Police

Fiscal Year	Active Members		Valuation Payroll		Average Salary		Average Age	Average Service
	Number	Percent Change	Amount in \$ Thousands	Percent Change	\$ Amount	Percent Change		
2025	4,031	-2.3%	\$ 406,145	3.9%	\$ 100,756	6.3%	38.5	10.4
2024	4,126	2.1%	390,935	11.9%	94,749	9.6%	38.2	10.0
2023	4,042	-1.5%	349,469	3.9%	86,460	5.4%	38.3	10.3
2022	4,103	-1.9%	336,500	2.8%	82,013	4.8%	38.3	10.3
2021	4,184	-1.7%	327,342	1.3%	78,237	3.1%	38.8	10.6
2020	4,256	0.9%	322,994	3.2%	75,891	2.2%	39.0	10.8
2019	4,216	0.5%	313,016	3.6%	74,245	3.1%	38.9	10.8
2018	4,197	1.1%	302,199	3.8%	72,004	2.7%	38.9	10.8
2017	4,151	0.3%	291,004	3.7%	70,104	3.4%	39.1	11.0
2016	4,139	-0.8%	280,577	0.4%	67,789	1.2%	39.2	11.0
2015	4,174	0.2%	279,555	3.3%	66,975	3.1%	39.2	10.9
2014	4,166	-0.5%	270,497	1.4%	64,930	1.9%	39.3	11.1
2013	4,187	1.7%	266,775	1.9%	63,715	0.2%		
2012	4,118	-0.3%	261,865	0.9%	63,590	1.2%		
2011	4,130	-2.4%	259,509	0.4%	62,835	2.9%		
2010	4,231	-2.0%	258,472	0.2%	61,090	2.3%		
2009	4,318	-0.3%	257,934	5.6%	59,735	5.9%		
2008	4,332	1.6%	244,314	4.7%	56,398	3.0%		
2007	4,263	-6.8%	233,348	5.4%	54,738	13.0%		
2005	4,573	6.2%	221,456	13.0%	48,427	6.4%		

Fire

Fiscal Year	Active Members		Valuation Payroll		Average Salary		Average Age	Average Service
	Number	Percent Change	Amount in \$ Thousands	Percent Change	\$ Amount	Percent Change		
2025	1,872	3.7%	\$ 181,299	6.5%	\$ 96,848	2.8%	39.3	11.2
2024	1,806	2.3%	170,189	9.2%	94,235	6.8%	39.7	11.6
2023	1,766	2.5%	155,893	6.0%	88,275	3.4%	40.4	12.1
2022	1,723	0.8%	147,032	0.4%	85,335	-0.4%	40.8	12.5
2021	1,709	0.3%	146,464	7.5%	85,702	7.2%	41.1	12.8
2020	1,704	0.9%	136,234	3.6%	79,949	2.7%	41.3	13.1
2019	1,688	1.6%	131,453	2.1%	77,875	0.5%	41.3	13.1
2018	1,661	1.3%	128,697	4.1%	77,481	2.8%	41.4	13.2
2017	1,640	0.9%	123,643	4.1%	75,392	3.2%	41.3	13.2
2016	1,626	1.1%	118,754	1.3%	73,034	0.1%	41.4	13.2
2015	1,608	-0.1%	117,263	1.9%	72,925	2.1%	41.3	13.2
2014	1,610	0.1%	115,027	-0.7%	71,445	-0.8%	41.5	13.3
2013	1,608	0.6%	115,788	3.0%	72,007	2.4%		
2012	1,599	-0.2%	112,456	4.1%	70,329	4.4%		
2011	1,603	-2.6%	108,028	-0.9%	67,391	1.7%		
2010	1,646	-0.4%	109,020	1.2%	66,233	1.7%		
2009	1,653	0.8%	107,682	11.1%	65,144	10.2%		
2008	1,640	3.3%	96,907	-0.5%	59,090	-3.6%		
2007	1,588	-0.7%	97,365	7.0%	61,313	7.7%		
2005	1,599	4.9%	91,029	15.1%	56,929	9.7%		



Historical Member Data – Benefit Recipients

Year Ending June 30,	Employees		Teachers		Police		Fire	
	Number of Recipients	Average Monthly Benefit	Number of Recipients	Average Monthly Benefit	Number of Recipients	Average Monthly Benefit	Number of Recipients	Average Monthly Benefit
2025	22,182	\$ 1,318	16,334	\$ 1,995	4,984	\$ 3,409	2,054	\$ 3,870
2024	22,043	1,294	16,366	1,997	4,909	3,376	2,012	3,815
2023	21,302	1,277	15,607	1,953	4,764	3,318	1,930	3,747
2022	20,751	1,250	15,154	1,931	4,644	3,266	1,866	3,696
2021	20,046	1,214	14,685	1,894	4,427	3,183	1,816	3,579
2020	19,434	1,184	14,198	1,872	4,227	3,113	1,753	3,447
2019	18,824	1,165	13,740	1,853	4,082	3,076	1,706	3,384
2018	18,193	1,141	13,223	1,836	3,923	3,027	1,673	3,314
2017	17,573	1,121	12,696	1,817	3,786	2,992	1,639	3,253
2016	16,142	1,152	11,410	1,928	3,629	2,978	1,595	3,213
2015	15,483	1,122	10,859	1,913	3,457	2,917	1,551	3,130



Historical Retirement System Cash Flows (Pension Only)

June 30	Contributions ¹	Expenditures				Total	External Cash Flow for the Year ³	Market Value of Assets	External Cash Flow as a Percent of Market Value
		Benefit Payments	Refunds	Administrative Expenses	Other ²				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2025	\$ 939,924,465	\$ (1,030,614,577)	\$ (30,002,919)	\$ (12,805,160)	\$ (3,242,880)	\$ (1,076,665,536)	\$ (136,741,071)	\$ 13,393,284,504	(1.0)%
2024	880,956,309	(1,000,616,374)	(25,519,573)	(10,929,701)	(3,147,544)	(1,040,213,192)	(159,256,883)	12,289,878,740	(1.3)%
2023	909,771,922	(971,121,035)	(27,386,598)	(9,637,702)	(1,072,273)	(1,009,217,608)	(99,445,686)	11,459,384,732	(0.9)%
2022	823,009,765	(913,994,579)	(23,726,778)	(9,523,523)	(1,109,775)	(948,354,655)	(125,344,890)	10,708,357,010	(1.2)%
2021	696,156,378	(858,210,462)	(19,883,792)	(8,417,146)	(790,708)	(887,302,108)	(191,145,730)	11,523,879,340	(1.7)%
2020	674,747,435	(816,708,118)	(23,312,151)	(8,281,785)	(892,659)	(849,194,713)	(174,447,278)	9,097,364,441	(1.9)%
2019	658,402,312	(780,906,714)	(23,464,493)	(7,436,447)	(958,942)	(812,766,596)	(154,364,284)	9,170,772,530	(1.7)%
2018	640,230,909	(741,752,669)	(24,010,459)	(7,767,254)	(911,824)	(774,442,206)	(134,211,297)	8,836,866,976	(1.5)%
2017	579,713,841	(706,303,846)	(23,408,460)	(7,670,827)	(1,254,518)	(738,637,651)	(158,923,810)	8,253,987,979	(1.9)%
2016	565,431,123	(670,359,868)	(24,233,277)	(7,061,317)	(1,263,550)	(702,918,012)	(137,486,889)	7,434,317,371	(1.8)%
2015	536,357,394	(631,310,997)	(26,344,739)	(7,581,315)	(1,626,866)	(666,863,917)	(130,506,523)	7,509,926,452	(1.7)%
2014	527,477,252	(599,475,606)	(26,119,759)	(7,376,270)	(1,446,882)	(634,418,517)	(106,941,265)	7,390,628,021	(1.4)%

¹ Column (2) includes employee and employer contributions.

² Includes other custodial, professional and non-investment expenses, and contributions other than for contribution effort.

³ Column (8) = Column (2) + Column (7).

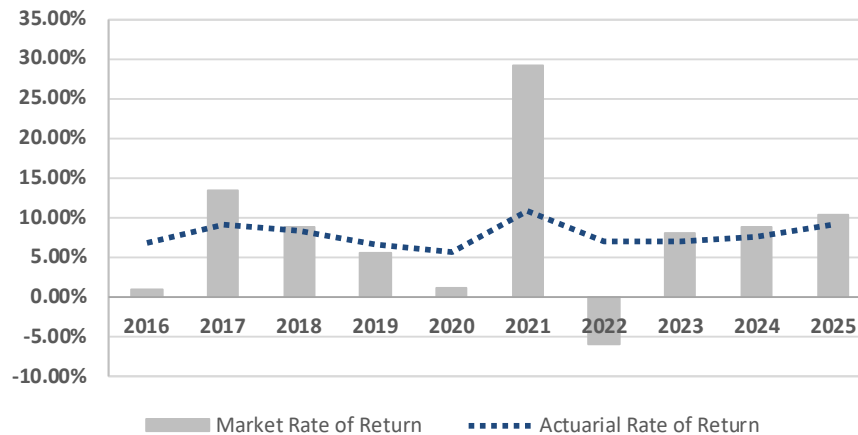
Based on financial statements provided to the actuary by NHRS staff.



Historical Rates of Investment Return (Market Return vs. Actuarial Return)

Plan Year Ending June 30 of	Market*	Actuarial
2016	0.83%	6.83%
2017	13.31%	9.11%
2018	8.77%	8.40%
2019	5.58%	6.55%
2020	1.12%	5.54%
2021	29.08%	10.82%
2022	-6.02%	6.93%
2023	7.99%	6.91%
2024	8.71%	7.53%
2025	10.31%	9.02%
Average Returns		
Last 5 Years	9.45%	8.23%
Last 10 Years	7.62%	7.75%

** Annual market rate of return calculated by the actuary is determined on a simplified money-weighted basis, using market value of assets at beginning and end of year and reported cash flows during the year. The rates of return shown above will differ from calculations of investment return on a time-weighted basis, and may differ slightly from rates of return calculated on a dollar-weighted basis by investment professionals.*





NHRS

New Hampshire Retirement System

To: Board of Trustees
From: Raynald Leveque, Chief Investment Officer
Gregory Richard, Head of Portfolio Administration
Date: April 1, 2026
Re: **Private Market Investments - Albourne Fee Validation Results**
Item: Action: Discussion: Informational:

Overview

At its April 14, 2026, meeting, the Board of Trustees will receive a presentation from Albourne, an independently owned, non-discretionary global investment consultant specializing in private markets (private equity, private credit, and real assets).

The presentation will cover:

- An overview of Albourne
 - Definition of key private market terms:
 - **management fees** - typically based on committed or invested capital
 - **carried interest** - based on profits, which are split between Limited Partners, such as NHRS, and General Partners
 - Explanation of the **carried interest waterfall** - determines when and how much carried interest is distributed to Limited Partners and General Partners (Generally, LPs receive 80-90%; while GPs receive 10-20%)
 - Review of the fee validation process
 - Results and conclusion
-

Background

In June 2025, staff retained Albourne to perform an independent fee validation review of the System's private markets funds, including private equity, private credit, and real estate. This analysis is part of the Investment Office Strategic Plan. The objective of this engagement was to enhance fiduciary oversight by verifying that fees charged by General Partners are consistent with governing legal documents.

Our Mission: To provide secure retirement benefits and superior service.

Scope

The review covered a representative sample of 50 out of approximately 150 total funds, at a cost of \$40,000 (\$800 per fund). The remaining funds will be reviewed over the next two years (approximately 50 funds annually).

The analysis focused on management fees and carried interest with the project commencing in September 2025 and concluding in March 2026.

Methodology

Albourne performed an independent recalculation of management fees and carried interest using underlying fund documentation and compared the results to amounts charged by the General Partners.

Results

- 49 of the 50 funds (98% of the sample) were in line with expectations
 - 1 of the 50 funds (2% of the sample) had a finding (detail below)
-

Key Finding





- A private equity fund was identified as having an error in the carried interest calculation
 - The error, which has since been resolved, resulted in an increase of approximately \$70,000 in carried interest attributable to NHRS
 - **No carried interest has been paid to date; the discrepancy was identified on a book/accrual basis only**
 - Staff coordinated a review with the manager and confirmed that controls have been appropriately enhanced and that this was an isolated incident
 - **Refer to page 12 of Albourne presentation for additional details**
-

Conclusion

Overall, the results of the fee validation review are very positive. The analysis indicates a high level of accuracy in fees charged across the portfolio and supports the effectiveness of existing manager controls.

This exercise underscores the value of periodic independent validation as part of the System's broader governance and oversight framework.

Our Mission: To provide secure retirement benefits and superior service.

 <p>Nicolas Stylianou</p>	<ul style="list-style-type: none"> • Head of B2Y – Fee & Liquidity & Pod Leader • Partner • Joined in 2009 • Based in Nicosia, Cyprus 	<ul style="list-style-type: none"> • 2009-Current Albourne Cyprus Limited, Nicosia, (Cyprus) • 2014 Private Markets Support Analyst • 2011-2014 Operational Due Diligence Analyst • 2011 ODD Support Analyst (London) • 2009-2011 ODD Support Analyst • 2009 MA, International Politics and Economics, Kingston University, (UK) • 2007 BSc, International relations and Global Development, University of Derby (UK)
 <p>Evangelos Kliridis</p>	<ul style="list-style-type: none"> • Fee & Liquidity – Pod Leader • Partner • Joined in 2017 • Based in Nicosia, Cyprus 	<ul style="list-style-type: none"> • 2017-Current Albourne Cyprus Limited, Nicosia, (Cyprus) • 2018 PM Fee Coordinator • 2017- 2018 Fee & Liquidity Analyst - PM • 2014-2017 KPMG Cyprus, Supervisor Auditor • 2013 MSc, Numerical Techniques for Finance, University of Nottingham (UK) • 2012 BSc, Finance, Accounting and Management, University of Nottingham (UK) • ACA, ICAEW (2016), CIPM (2021) • CFA & CAIA Charterholder
 <p>Maria Michael</p>	<ul style="list-style-type: none"> • Fee & Liquidity – Pod Leader • Senior Analyst • Joined in 2020 • Based in Nicosia, Cyprus 	<ul style="list-style-type: none"> • 2020-Current Albourne Partners (Cyprus) Limited, Nicosia, (Cyprus) • 2019-2020 Ernst & Young Cyprus Limited, Audit Assistant Manager • 2016 ACA, ICAEW • 2014-2019 Crowe Cyprus Limited, Audit Assistant Manager • 2013 BA Management Studies, University of Nottingham (UK)
 <p>Arabella Wuchek</p>	<ul style="list-style-type: none"> • Partner • Client Relationship Manager • Joined in 2010 • Based in Connecticut 	<ul style="list-style-type: none"> • 2008-2010 Akana Capital Management LP, New York (USA) Operations Analyst • 2002 Master of Arts, New York University, New York, NY • 1999 Bachelor of Arts, Seton Hall University, South Orange, NJ (USA) • CAIA Charterholder



April 2026

Fee Validation Results – Fiscal Year 2025

New Hampshire Retirement System (“NHRS”)

CONFIDENTIAL



Albourne Overview



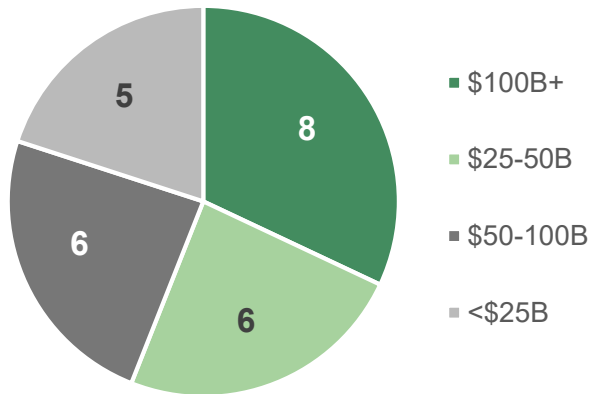
Our goal is to empower our clients to be the best investors that they can be

Albourne is committed to:

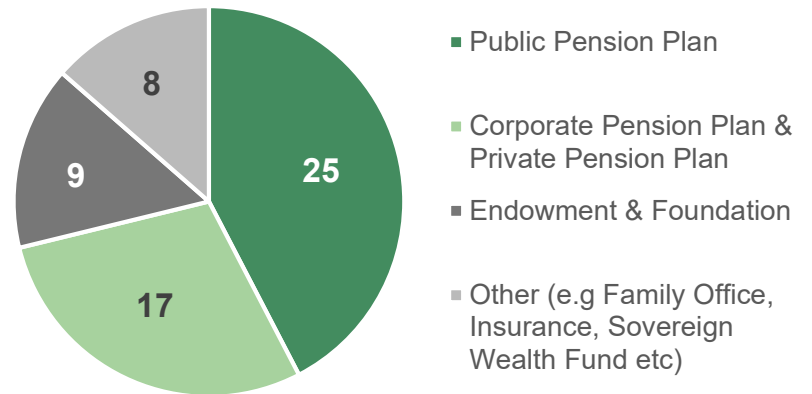
- Non-discretionary advice
- Transparent pricing
- Independent ownership

- >350¹ clients globally
- 54 Public Pension Plans
- Clients have >\$750bn² in alternatives
- One of the largest groups of investors in alternative investments

Public Plan Fees Clients by AUM



Client Types of Fee Service



1. The aggregate number of client entities for the Albourne Group worldwide. Clients may be subscribed to multiple services.

2. A conservative aggregation of the estimated investments in alternatives (where known) of certain Albourne Group clients worldwide, using public sources where possible.

All data as of 1 January 2026.

Why Fee Validation?



- Fee validation became a focus for Albourne in 2014
- Around this time, several of our clients and investors were faced with new regulatory requirements to report fees to constituents and stakeholders
- Fee validation was a natural development of Albourne's services; aligns with our commitment to transparency
- It may be a powerful resource for our clients to be able to say their fees have been validated by a non-discretionary third party
- Albourne can provide an additional level of checks that augments NHRS's current fee processes and procedures

Fee Client Base Service Level Detail



Service level of our current fee clients (rounded up for ease of reference):

- 70% will validate their entire portfolio at least annually
- 20% will validate at least 30% of portfolio annually
- 10% will validate the entire portfolio at least every two years

Isolating to only our 25 public pension plans:

- 57% validate and aggregate their entire portfolio annually
- 30% aggregate entire portfolio quarterly and validate annually
- 5% validate and aggregate their entire portfolio biannually
- 8% validate at least 30% of portfolio annually and aggregate remaining 70% on annual basis

As of January 2026.

Fee Team

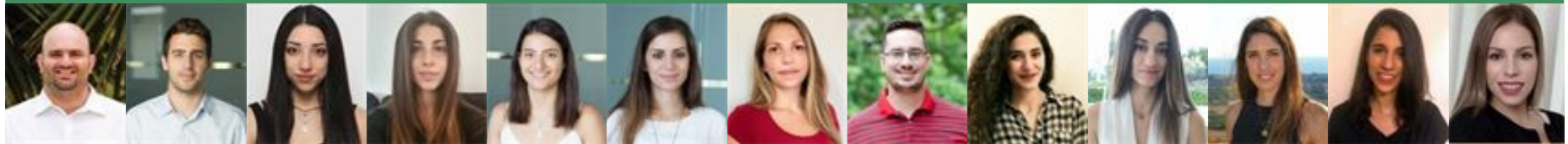


40

Dedicated Fee Analysts

- Team members have backgrounds in audit, accounting, finance, operations, data management
- Over 100 years of combined experience in the validation of fees to Alternatives
- Model, analyze, recalculate, validate & process fee structures & fee data
- Harness Albourne expertise, and understanding in Operational and Investment Due Diligence as well as Middle Office support
- Supported by 40 Developers & Software Engineers

Supporting Fee Validation clients globally



Data as of 1 March 2026.

*Albourne has been providing fee reconciliation services since 2015.

Scope of Service provided to NHRS



Fee Validation

- Albourne and NHRS agreed to select 50 investments from the overall portfolio for validation as part of this exercise
- Albourne validated the management fees and carried interest incurred by NHRS for the Fiscal Year of 2025
- Actual fees charged were compared against Albourne-calculated amounts, with any variances identified and investigated

*Albourne does not provide legal or tax advice.

Fee Validation Process Key Definitions



Terms are predetermined and based on contractual agreements negotiated and executed by NHRS and General Partners

Management Fee

- Charge paid to Fund Manager for managing investment in fund
- **On Commitment:** Management fee calculated based on the initial committed amount of NHRS investment, not net asset value
- **On Invested Capital:** Management fee calculated on the capital invested in the remaining unsold investments of the fund

Carried Interest or Profit Share

- The share of profits paid to the General Partner
- Payments only take place when Fund has made realized profits for NHRS in excess of invested capital, fees paid and expenses incurred

Other Fund Expenses

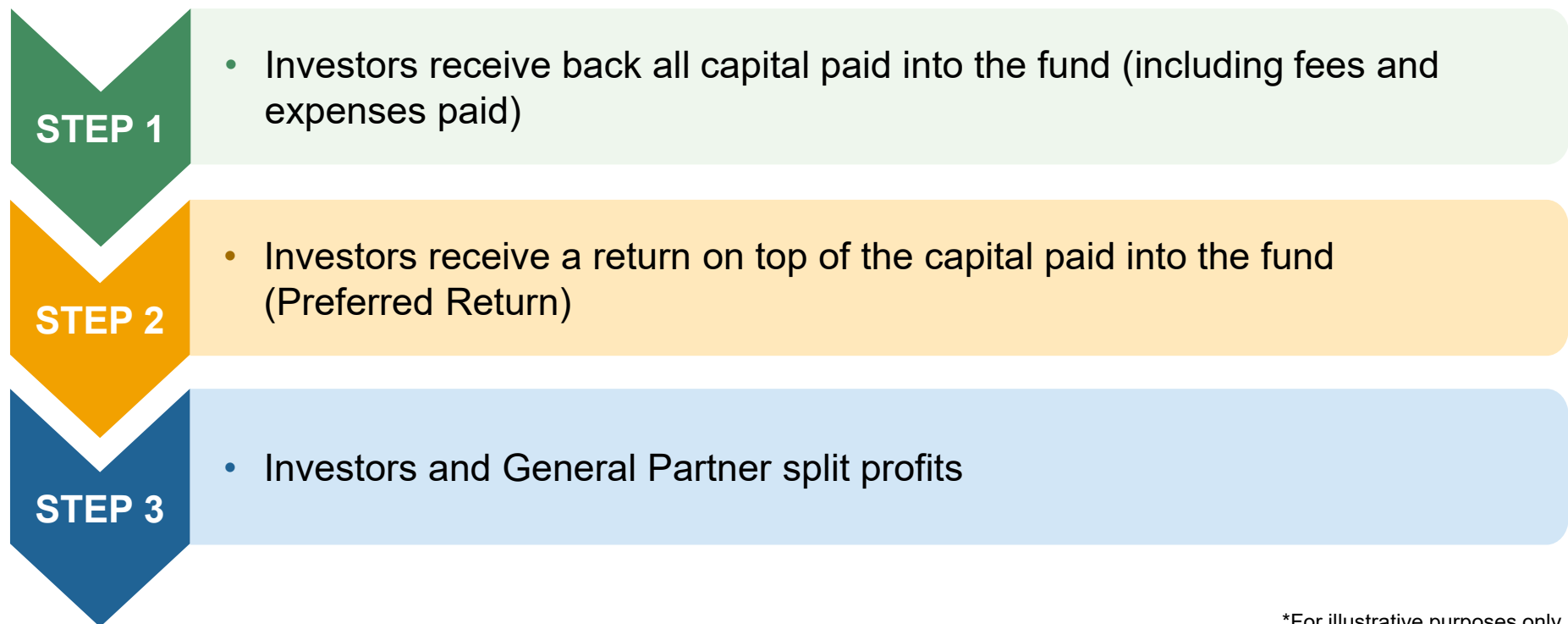
- **Operating Expenses**
 - Costs incurred to NHRS investment in a fund which is not included in the Management Fee
 - Varies according to fund but typically includes service provider costs (legal fees, administration costs, custodians)
- **Interest Expense**
 - Interest expenses and other borrowing costs

Waterfall/Carry



Carried interest is not paid yearly but follows a specific timeline and structure usually referred to as waterfall when an investment has been realized; terms are predetermined and laid out in the agreements made by NHRS and the General Partner*

The waterfall is in place to ensure alignment of interest between investors and the General Partner

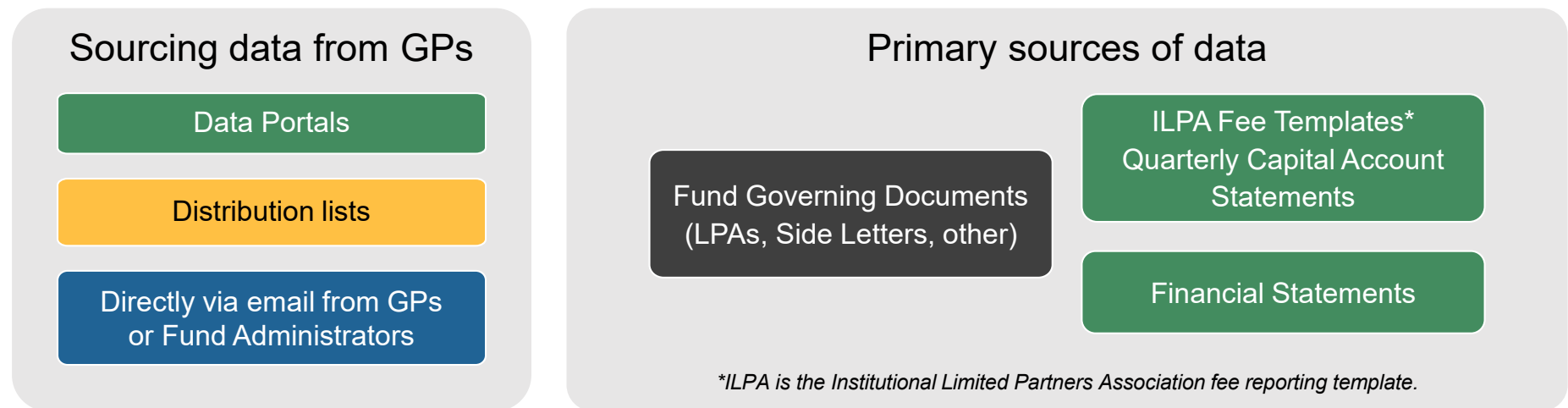
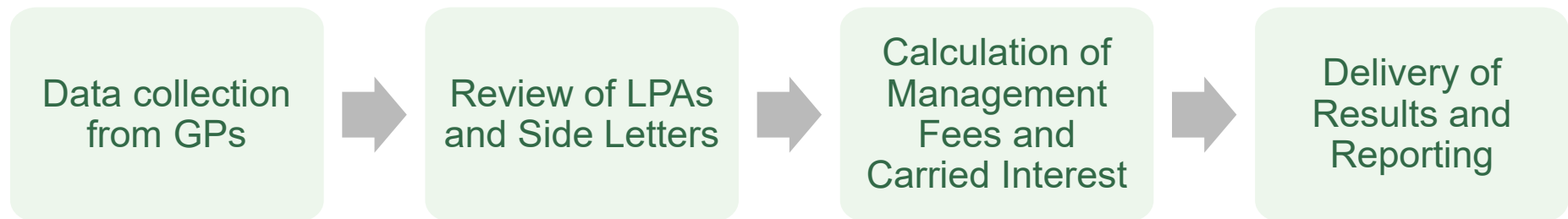


*For illustrative purposes only.

Fee Validation Process



Albourne has established channels of communication with the selected General Partners which has allowed us to source data for all funds



*For illustrative purposes only.

Reconciliation Process



Albourne's analysis is process driven to understand discrepancies

The way this analysis works means the first time it is performed is typically the most time consuming

- Analysis for 2025 successfully completed for the first set of funds with no further action required

Fee Data Collection

- GP Data portals
- Distribution lists,
- Email communication with GPs

Data Controls and Checks

- Data point reviewed and locked
- System generated reporting
- Includes fees, expenses, terms

Validate Fees

- Review of Fund Governing Documents
- Calculate fees
- Look into discrepancies

Validated Results



Albourne has validated the fees of 50 NHRS investments

Schedule of Fees and Expenses for the period July 1, 2024 – June 30, 2025:

	USD
Net Management Fee	5,906,635
Gross Management Fee	6,286,133
Carried Interest Paid	4,850,538
Carried Interest Accrued	3,548,284
Partnership Expenses	2,989,509

*Partnership Expenses are expenses borne by the partnership including costs associated with the organization of the partnership, the purchase, holding or sale of securities, and legal and auditing expenses.

**Gross Management Fees are prior to any application of fee offsets, fee waivers and fee rebates.

Issue to Note



Out of the 50 investments that were validated; a single material negative variance was identified. Details follow below:

- A discrepancy was identified in the Inception to Date Accrued Carried Interest reported as of 2Q 2025 during Albourne's review
- The issue stemmed from an error in the Manager's Preferred Return calculation, where preferred return was compounded only through 2022 rather than annually thereafter
- Albourne raised the issue with the Manager, who acknowledged the error and provided revised Preferred Return calculations and an updated Capital Account Statement
- As a result, Inception to Date Accrued Carried Interest was reduced from \$122,358 to \$50,656, representing a negative variance of \$71,702 (58.6%)
- No carried interest had been paid as of 2Q 2025

**There can be no assurance or guarantee that Albourne will identify errors or discrepancies for clients using its Fee Validation/Fee Reconciliation service, including but not limited to the issue highlighted above.

Observations and Conclusion



Engagement Summary

Fee validation for 50 investments for the period July 1, 2024 – June 30, 2025:

- Collected and uploaded fees and expenses
- Extracted the fee terms from legal agreements
- Validated the management fee and carried interest
- With the successful resolution of a single variance which was identified, all fees have been successfully validated

Next Steps

- Work on the next batch of investments

Appendix



Further Fee Term Definitions

Management Fee Rebates

Refund of any prior management fees to the Fund's investors or discounts to management fees.

Management Fee Waivers

Any waiver of management fees in lieu of assuming the GP's commitment obligations to the Fund.

Management Fee Offsets

Reduction of management fees by the amount of certain fees earned by the GP or its affiliates from portfolio companies.

Disclaimer



IMPORTANT NOTICE

The information in this presentation (the “Information”) is for general informational purposes only and is provided by an Albourne Group Company. For this purpose, “Albourne Group Company” means Albourne Partners Limited or one of its subsidiaries and affiliates from time to time, including Albourne America LLC, Albourne Partners (Canada) Limited, Albourne Partners Limited’s branch in the Abu Dhabi Global Market (“ADGM”) trading as Albourne Partners ME, Albourne Partners Japan, Albourne Partners (Asia) Limited, Albourne Partners (Singapore) Pte. Ltd., Albourne Partners (Bermuda) Limited, Albourne Partners (Cyprus) Limited, Albourne Cyprus Limited and its branch in Germany (such companies being, collectively, the “Albourne Group”).

The Information is not, nor should it be construed as, an invitation, recommendation, inducement, offer or solicitation in any jurisdiction to any person or entity to acquire or dispose of, or to deal in, any security or any interest in any fund, or to engage in any investment activity, nor does it constitute any form of tax or legal advice and it must not be relied upon as such. The Information does not take into account the particular investment objectives or specific circumstances of any person or entity.

The Information is for the use of an Albourne Group Company client or potential client (the “Intended Recipient”) who is (i) an “Accredited Investor” as defined in Regulation D under the U.S. Securities Act of 1933 and a “Qualified Purchaser” as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, (ii) a “Permitted Client” within the meaning of the Canadian National Instrument 31-103, (iii) an investment professional, high net worth company or unincorporated association, high value trust or other person specified in articles 19 and 49 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (iv) a per se professional client or an elective professional client within the meaning of Annex II to the Directive 2014/65/EU of the European Parliament

and of the Council of 15 May 2014 on markets in financial instruments and amending the Insurance Mediation Directive and AIFMD (“MiFID”), or (v) where lawful in other jurisdictions, a financially sophisticated, high net worth and professional investor capable of evaluating the merits and risks of fund investments without undue reliance on the Information. If you are not an Intended Recipient, or if in your jurisdiction it would be unlawful for you to receive the Information, the Information is not for your use and you should not use or rely on it.

Any Information is also provided subject to: (a) where you are a client of any Albourne Group Company, the provisions of your service agreements with the relevant Albourne Group Company, as supplemented by any applicable website terms and conditions of access; and (b) in all other cases, the terms and conditions of access accepted by you on Albourne’s Investor Portal (as such terms and conditions are as supplemented by any non-disclosure agreement or other agreement (if any) between you and the relevant Albourne Group Company) or the terms and conditions otherwise agreed between you and the relevant Albourne Group Company, in each case such terms prevailing over the terms of this notice in the event of any conflict between such terms and those contained in this notice.

The Albourne Group makes no representations, guarantees, or warranties as to the accuracy, completeness, or suitability of the Information provided. Please note the Albourne Group does not provide legal advice to clients or potential clients or otherwise and the Information is not a comprehensive review of all legal, regulatory or such developments on the subject discussed herein. None of the Information is a substitute for seeking actual legal advice from a qualified attorney and in no circumstances should the Information be used to make any investment or other decision.

Disclaimer



This Information may not be reproduced in whole or in part and no part of this material may be reproduced, distributed, transmitted or otherwise made available to a third party or incorporated into another document or other material or posted to any bulletin board without the prior written consent of an Albourne Group Company.

To the extent that any third party (including but not limited to, any service provider or fund) is referred to in the Information, you should not necessarily view this as an endorsement by the Albourne Group of such third party. The Information may also contain information obtained from third parties which may not be independently verified. The Albourne Group makes no representations or warranties, express or implied, as to the accuracy or completeness of the Information and disclaims all liability for any loss or damage which may arise directly or indirectly from any use of or reliance upon any such data, forecasts or opinions, or from the Information generally.

To the extent that performance information or forecasts are contained in the Information, there can be no assurance or guarantee that such performance record will be achievable in the future. Past performance is not necessarily indicative of, or a guarantee of, future returns. In the United States, any funds

referred to in the Information are made through private offerings pursuant to one or more exemptions of the United States Securities Act of 1933, as amended. Such funds have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, none of the foregoing authorities has confirmed the accuracy or determined the adequacy of the Information.

Additionally, you should be aware that any offer to sell, or solicitation to buy, interest in any funds may be unlawful in certain states or jurisdictions.

You should carefully review the relevant offering documents before investing in any funds mentioned in the Information. You are responsible for reviewing any fund, the qualifications of its manager, its offering documents and any statements made by a fund or its manager and for performing such additional due diligence as you may deem appropriate, including consulting with your own legal, tax, and other advisers.

© 2026 Albourne Partners Limited. All rights reserved. 'Albourne' ® is a registered trade mark of Albourne Partners Limited and is used under licence by its subsidiaries.



NHRS

New Hampshire Retirement System

To: Board of Trustees
From: Jan Goodwin, Executive Director
Date: April 2, 2026
Re: Executive Director Operating Report
Item: Action: Discussion: Informational:

Significant Developments and Priority Issues

- LRS is making the necessary system changes to implement the revised benefits from HB 282. We are testing the Phase 2 changes, which will allow us to calculate benefits for affected Group II, Tier B members.
- Have completed the Improving Quality presentations.
- We have received the Certificate of Occupancy for 80 Commercial Street.

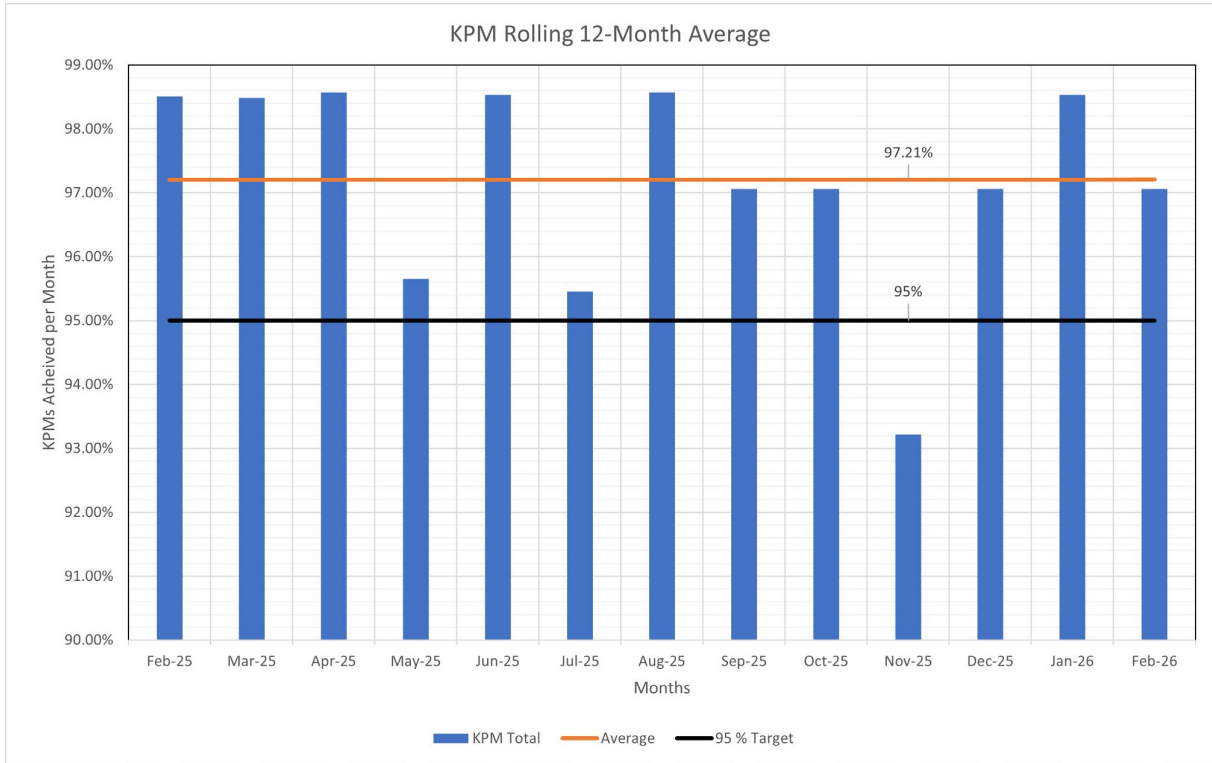
Current Months' Highlights – February and March

- The KPM scores for January and February were 98.53% and 97.06, respectively. See 12-month rolling average chart attached.
- PGv3 is 100% completed. Staff continue to test new releases which contain modifications and improvements.
- 14 of the ED's 16 KPMs were achieved for January and February (two were N/A).

Upcoming Plans & Projects

- Staff is monitoring the 206 New Hampshire legislative session. To date, ten bills have been introduced that are directly related to NHRS. An additional 11 bills with possible relevance to NHRS are being monitored. Only one bill, SB 502, which would allow the IIC to achieve a quorum with virtual participants is still moving.
- Staff is preparing for the move to 80 Commercial Street. The move will start on Thursday, April 16. The office will be open to members with appointments beginning Tuesday, April 21 and to all members on Monday, April 27. All services will continue throughout that period.

Our Mission: To provide secure retirement benefits and superior service.



Our Mission: To provide secure retirement benefits and superior service.

KPM MONTHLY REPORTING HISTORY	JANUARY 2026			JANUARY REPORTING COMMENTS			FEBRUARY 2026			February REPORTING COMMENTS		
	ACHIEVED			ACHIEVED			ACHIEVED			ACHIEVED		
	YES	NO	N/A	YES	NO	N/A	YES	NO	N/A	YES	NO	N/A
Overall Score	98.53%	1.47%	16	We achieved a 98.53 % success ratio in January. We failed 1 KPM in January.			97.06%	2.94%	12	We achieved a 95.08 % success ratio in February. We failed 3 KPMs in February.		
Is overall score ≥ 95 %?	X						X					
Executive												
1. Distribute weekly email updates to all Trustees on or before the end of business on Friday of every week.	X						X					
2. Distribute weekly email updates to all staff on or before the end of business on Monday of every week.	X						X					
3. Prepare and distribute Board materials electronically by the Thursday before the Tuesday meeting.			X				X					
4. Post Board and committee meeting notices according to 91-A:2.	X						X					
5. Prepare minutes of Board and Board Committee meetings according to the timeliness guidelines in 91-A:2 and 91-A:3, with draft minutes for internal review ready by close-of-business on the Friday following the Board meeting. Internal review of Board draft meeting minutes and posting of such minutes are to be completed within five (5) business days of the meeting.			X				X					
6. Prepare draft MTeam meeting minutes and forward to Executive Director for review within five (5) business days of meeting; to managers for review within seven (7) business days of meeting; and post final meeting minutes to the common drive within eight (8) business days of the meeting.	X						X					
7. Maintain expenditures at or less than Trust Fund Budget.	X						X					
8. Maintain expenditures at or less than Board of Trustees Budget as reported by Finance in the most recent manager's report (1-month lag).	X						X					
IT												
1. All vital servers maintain an uptime of 99% or higher.	X						X					
2. All PensionGold requests are prioritized within thirty-one (31) calendar days.	X						X					
3. All help desk requests are followed up with a conversation (phone/email) within four (4) business days.	X						X					
4. Maintain help desk survey scores above satisfactory marks of 95% or higher			X						X			
5. All US-CERT email security advisories are placed into the help desk system to be addressed within two (2) business days.	X						X					
6. Respond to all phone calls within one (1) business day.	X						X					
7. Maintain expenditures at or less than IT budget as reported by Finance in the most recent manager's report (1-month lag).	X						X					
Finance												
1. Prepare the NHRS Annual Comprehensive Financial Report (ACFR): unaudited by October 31, and the audited ACFR by December 31, in accordance with generally accepted accounting principles.			X	Not due until December 2026.					X	Not due until December 2026.		
2. Reconcile operating bank account within 60 days of the end of the month.		X		This was not met as we continued to get caught up on our monthly bank reconciliations.			X			Achieved for January		
3. Produce and distribute monthly actual-to-plan-budget reports within ten (10) business days from the end of the prior month.	X						X					
4. Produce the monthly financial statements (FS) for the Board of Trustees meeting at least three (3) business days prior to the scheduled Board mailing.			X	No board meeting in January.			X					
5. Post all cash receipts for a month, for which we have received the associated voucher, into the pension benefit system (Pension Gold) within ten (10) business days after the close of the month.	X						X					
6. Issue all NHRS annuitant pension payments timely and accurately.	X						X					
7. File annual payroll tax return (form 945) for the annuity payroll by January 31st.	X								X	Not due until January 2027		
8. Reconcile all employer accounts sufficiently to allow for interest posting for the reporting month within ninety (90) days of the end of the reporting month, for which we have received all payments and back-up from employers.	X			Achieved for October			X			Achieved for November		
9. Process all confirmed post-retirement electronic direct deposit change requests received by the date that the pre-note wizard is run in Pension Gold and direct funds accordingly in the same month.	X						X					
10. Deposit all payments received at NHRS offices, with appropriate supporting documents, into local custodial bank within three (3) business days of receipt, with any payments secured on any intervening days.	X						X					
11. Annually for the preceding tax year, post electronic 1099-R forms to MyAccount by January 24 and mail hard copy 1099-R forms by January 31 of the subsequent year.	X								X	Not due until January 2027		
12. Maintain expenditures at or less than Finance Budget as reported in the most recent manager's report (1-month lag).	X						X					
Investment												
1. Generate investment returns for three (3) and five (5) Year Total Fund Performance greater than the applicable Total Fund Benchmark measured quarterly.			X					X		3-Yr Excess Return = -329 basis points (12/31/26) 5-Yr Excess Return = -38 basis points (12/31/26)		

KPM MONTHLY REPORTING HISTORY	JANUARY			JANUARY			FEBRUARY			February		
	2026			REPORTING COMMENTS			2026			REPORTING COMMENTS		
	ACHIEVED			ACHIEVED			ACHIEVED			ACHIEVED		
	YES	NO	N/A	YES	NO	N/A	YES	NO	N/A	YES	NO	N/A
2. Generate investment returns for the long-term (25 years) Total Fund Performance greater than the applicable Actuarial Assumed Rate of Return (6.75%) measured each June 30.			X					X				Not due until June 2026 report
3. Generate investment returns for three (3) and five (5) Year Total Fund Performance greater than the applicable peer universe median measured quarterly.			X					X				3-Yr Peer Median = 61 pctle (12/31/26) 5-Yr Peer Median = 26 pctle (12/31/26)
4. Complete the IIC's Private Debt & Private Equity Strategic Plan for the calendar year.	X								X			Completed for CY 2026
5. Manage cash flow and make funds available for the payment of monthly retirement benefits, expenses and capital calls on or before the last business day of the month.	X						X					
6. Manage continuously the asset allocation within approved ranges and rebalance as appropriate.	X						X					
7. Maintain trading cost at or below median of applicable peer universe as measured for the calendar year.	X						X					
8. Ensure all proxies are voted consistent with the Board approved Proxy Policy.	X						X					
9. Distribute complete and accurate Investment Committee materials to all members of the Investment Committee on the Friday before the regularly scheduled monthly Investment Committee meeting.	X						X					
10. Maintain internal expenditures at or less than Investment Budget as reported by Finance in the most recent manager's report (1-month lag).	X						X					
Legal												
1. Assure no instances of statutory or regulatory non-compliance.			X	Suspended					X	Suspended		
2. Provide disability recommendations to the Benefits Committee within sixty (60) calendar days of receipt in the Legal Dept.	X						X					
3. Commence an adjudicative proceeding within sixty (60) calendar days of receipt of administrative appeal.	X						X					
4. Present a recommended decision to the Board within seventy-five (75) calendar days after the close of the record in an appeal.	X			* Suspended pending outcome of HB 1014, HB 1439, HB 1459			X			* Suspended pending outcome of HB 1014, HB 1439, HB 1459		
5. Perform employer compliance field audits; a rolling average of 1.5 audits per experienced auditor per month over the prior 12-month period.			X	Suspended					X	Suspended		
6. Present one (1) employer education session per quarter.	X								X			
7. Maintain expenditures at or less than Legal Budget as reported by Finance in the most recent manager's report (1-month lag).	X						X					
Member Services												
1. Calculate all preliminary retirement benefits within thirty (30) calendar days of member-requested date of retirement.	X						X					
2. Calculate 100% of final retirement benefits (EXCLUDING JULY applications) within seven (7) months of member requested date of retirement provided that all statutorily required documentation has been received and all wages have been reported.			X						X			
3. Calculate 100% of July final retirements within eight (8) months of member requested date of retirement provided that all statutorily required documentation has been received and all wages have been reported.			X						X			
4. Schedule member meetings with Benefit Specialists within ten (10) business days of request.	X						X					
5. Issue all member retirement benefit estimates within thirty (30) business days of receipt of request.	X						X					
6. Enter member enrollment form data into Pension Gold (PG) within fifteen (15) business days of receipt.												
7. Process member refund requests within ninety (90) calendar days of receipt of written request.	X						X					
8. Process service purchases within fifteen (15) business days of request receipt.	X						X					
9. Process additional contribution calculations within ninety (90) calendar days of receipt.	X						X					
10. Process all non-employer audit corrections related to employer contribution refund within sixty (60) business days of receipt.												
11. Post all interest to member accounts within the month that Finance authorized the activity.	X						X					
12. Adhere to payroll "close" schedule for benefit setup balancing purposes.	X						X					
13. Process all pension changes within thirty (30) calendar days of receipt/notification.	X						X					
14. Process retiree death benefit refund payments within sixty (60) calendar days following receipt of all required paperwork.	X						X					
15. Establish survivorship benefit setup for payment within sixty (60) calendar days following receipt of all required death documentation and pension recoveries.	X						X					
16. Submit new recoupment cases to Recoupment Committee by next committee meeting following discovery.	X						X					
17. Initiate Recoupment/Benefits Committee recoupment decisions within seven (7) business days of decision.	X						X					
18. Review and balance updates submitted by employers and TPAs to PG for insurance rate changes received by the first business day of each month within four (4) business days.	X						X					
19. Complete monthly insurance non-rate changes by processing all authorizations received by the date the annuity payroll is posted with zero carryovers.	X						X					

KPM MONTHLY REPORTING HISTORY	JANUARY			JANUARY			FEBRUARY			February		
	2026			REPORTING COMMENTS			2026			REPORTING COMMENTS		
	ACHIEVED			ACHIEVED			ACHIEVED			ACHIEVED		
	YES	NO	N/A	YES	NO	N/A	YES	NO	N/A	YES	NO	N/A
20. Maintain expenditures at or less than Member Services Budget as reported by Finance in the most recent manager's report (1-month lag).	X						X					
Human Resources												
1. Ensure compliance with all Federal, State and CBA rules and regulations as measured by no notices of violation.	X						X					
2. Respond to all payroll errors within one (1) business day and correct all payroll errors within one pay cycle.	X						X					
3. Reduce recruitment time for open staff positions to no more than forty-five (45) business days and open management/executive positions to no more than ninety (90) business days.	X						X					
4. Maintain expenditures at or less than HR Budget as reported by Finance in the most recent manager's report (1-month lag).	X											
Communications/Legislative Affairs												
1. Schedule a minimum of thirty (30) online or in-person member/constituent education sessions each year.	X											
2. Achieve ninety-five percent (95%) rating from members attending an education session that the session was "completely/moderately" easy to understand.	X						X					
3. Meet all deadlines in editorial calendar.	X						X					
4. Monitor media coverage of NHRS and provide articles to Board, IIC and Staff within two (2) business days.	X						X					
5. Post updated legislative summaries on www.nhrs.org by the end of business every Friday throughout the legislative session.	X						X					
6. Prepare and deliver Quarterly Report to the General Court by January 1, April 1, July 1 and October 1.	X						X					
7. Maintain expenditures at or less than PIO Budget as reported by Finance in the most recent manager's report (1-month lag).	X						X					
Internal Audit												
1. Prepare a Risk Assessment and Fiscal Year Audit Plan for the approval of the Audit Committee annually.			X									
2. Execute and present an engagement to the Audit Committee on a quarterly basis.			X									
3. On behalf of the external auditors, administer the GASB census data audits and provide the completed audits to the external auditors by the established due date.			X							X		
4. Prepare the updated NHRS Audit Issues Tracking Report for the Audit Committee and Board of Trustees at least three (3) business days prior to the scheduled Board/Committee mailing.	X						X					
5. Distribute complete and accurate meeting materials to all members of the Audit Committee at least three (3) business days prior to the scheduled Audit Committee meetings.	X						X					
6. Prepare draft Audit Committee Meeting minutes for review within three (3) business day of the meeting.			X				X					
7. Maintain expenditures at or less than Internal Audit Budget as reported by Finance in the most recent manager's report (1-month lag).	X						X					
Contact Center												
1. Respond to all incoming emails within 24 business hours.	X						X					
2. Maintain an average speed of answer within two (2) minutes.												
3. Maintain a 95% call satisfaction rating for callers' experience with the Contact Center Representative (CCR).	X						X					
Administrative												
1. Assure that formal complaints are responded to within five (5) business days.	X						X					
2. Maintain expenditures, at or less than Administration Budget, as reported by Finance in the most recent manager's report (1-month lag).	X						X					
Total of KPMs	67	1	16				66	2	12			
KPM Percentages	98.53%	1.47%	19.05%				97.06%	2.94%	15.00%			

Last 12 Months Executive Director Contract Approvals (as of 4/1/26)

Vendor Name	Effective Date	Amount	Description
Canoe	4/1/2025	\$130,369.00	3 Years Private Market Document Management
Brochu	4/3/2025	\$4,650.00	FY25 Landscaping - 80 Commercial
Pitchbook	5/1/2025	\$81,000.00	2 Years, Investment Data Analytics
Debbie K Graphics	6/1/2025	\$5,827.00	ACFR Graphics
John Carter	6/4/2025	\$450.00	Sprinkler Inspection - 80 Commercial Street
Breezeline	6/10/2025	\$7,127.00	Internet
Albourne	6/24/2025	\$150,000.00	Fee Validation Services - 3 years at \$50,000 per year
Brochu	7/1/2025	\$17,520.00	FY26 Landscaping - 80 Commercial Street
Travelers	7/1/2025	\$5,747.00	Workers' Compensation Renewal
Kelly Brown	7/1/2025	Hourly Rate	Accounting consultant
Diligent	7/1/2025	\$19,640.00	Board Management Software
No-Tie Tech	8/11/2025	\$13,800.00	Consultant for 80 Commercial Street Data Center Relocation
GiD Development	8/18/2025	\$20,000.00	Consultant for 80 Commercial Street Relocation
Stanley Elevator	8/19/2025	\$1,500.00	Elevator Inspection for 80 Commercial Street
OnPoint Consulting	8/19/2025	\$65,305.00	Owner's Rep for 80 Commercial Street Construction
Dell Technologies	9/25/2025	\$12,554.00	Computer Storage
ePlus Technologies	10/1/2025	\$8,159.00	Computer Support for Extreme
Linea Solutions	10/1/2025	\$38,000.00	Cyber security consulting; as billed, total is estimate
Silver Tech	10/2/2025	Hourly Rate	Website support and ADA compliance Project - addendum to existing contract
Change Staffing	10/6/2025	Hourly Rate	Change Management
NH Print and Mail	11/19/2025	\$54,967.38	Data Processing and Mailing Services
Dell Technologies	12/5/2025	\$6,332.10	Licensing for Adobe Acrobat Standard and Pro
The Atom Group	12/23/2025	\$21,500.00	Cyber security consulting and Preferred Emergency Cyber Response Services
IT Insiders	12/30/2025	\$11,879.20	Licenses for Veeam Backup and Replication
Asiflex	1/1/2026	\$5,400.00	Renewal option for Flex spending vendor
CP Management	1/15/2026	\$7,400.00	Tree Services at 80 Commercial Street
LRS	3/1/2026	\$11,586.02	Document and Report Content Management Solution - Annual Renewal
Process Telerik	4/4/2026	\$5,200.00	Sitefinity Software to Support NHRS.org Website
IT Insiders	2/18/2026	\$6,576.80	Transceivers and Servers for server rooms
ePlus Technologies	2/24/2026	\$45,086.48	Switches for 80 Commercial Street.
First Light	2/24/2026	\$4,461.84	Public IPs
Dell Technologies	2/24/2026	\$7,018.26	Three laptops for NHRS inventory
Usherwood	2/25/2026	\$3,090.70	Two card readers and six licenses for Papercut
Everon	2/26/2026	\$41,895.00	Access control and alarming for 80 Commercial Street
Educate 360	3/3/2026	\$15,000.00	Training learning credit pool
Everon	3/4/2026	\$9,718.00	Security Cameras for 80 Commercial Street
SHI	3/11/2026	\$18,577.00	Email TAP URL and attachment defense
IT Insiders	3/19/2026	\$1,066.94	Transceivers and cables

\$858,403.72

*As per the NHRS Procurement Policy, "The renewal or extension of a contract under preexisting terms and pricing does not require Board approval. The Executive Director will inform the Board of such contracts at its next regularly scheduled meeting."



NHRS

New Hampshire Retirement System

To: NHRS Trustees
From: Jan Goodwin, Executive Director
Date: March 31, 2026
Re: FYs 27-29 Strategic Plan
Item: Action: Discussion: Informational:

The Board's Governance Manual includes a requirement for the Board to adopt a 3- to 5-year rolling strategic plan which is to be updated annually. The strategic plan is the basis for creating action plans for each operating area within the retirement system and developing the trust fund budget. Performance in achieving the objectives of the action plans and managing budgetary expenditures is reported to the Board monthly throughout the year.

The Board and senior management have completed the "Preserve, Achieve and Avoid" (PAA) exercise. Feedback from this exercise has been evaluated, prioritized and integrated into the Strategic Plan. Action Plans for all Direct Reports to the Executive Director are developed, focusing on the significant operational issues which have been identified, including any plans from the prior year which have not been completed. The action plans, which are on the same three-year cycle as the NHRS Strategic Plan, will be included with the August Board of Trustees materials.

The Strategic Plan and the Action Plans are not intended to address day-to-day operations, which are instead monitored and managed via Key Performance Measures ("KPMs"). The Action Plans focus on specific objectives to be achieved over the next fiscal year as opposed to "ordinary course of business" activities or functions.

Included with this memorandum is the NHRS Mission Statement, the final version of the PAA document incorporating feedback from Trustees, and the FYs 27-29 Strategic Plan for review and approval at the April Board meeting.

Our Mission: To provide secure retirement benefits and superior service.

NEW HAMPSHIRE RETIREMENT SYSTEM

Mission, Vision, and Values

The New Hampshire Retirement System plays an important role in the long-term economic well-being of the state's public employees, teachers, police officers, and firefighters. NHRS strives to meet this responsibility through a commitment to our mission, vision, and values.

NHRS
54 Regional Drive
Concord, NH 03301

(603) 410-3500
www.nhrs.org
info@nhrs.org

OUR MISSION

To provide secure retirement benefits and superior service.

OUR VISION

NHRS will fulfill our role as fiduciary of the trust and deliver retirement benefits to our members and beneficiaries through a commitment to value, innovation and excellence.

OUR VALUES

Security – Providing promised benefits and guarding the confidentiality of personal information.

Excellence – Striving to exceed expectations through innovation, accountability, and teamwork.

Respect – By recognizing the uniqueness and importance of our stakeholders, our co-workers, and ourselves, we foster collaboration and cooperation.

Value – Committing to be a trusted and effective fiduciary by always acting in the best interest of our membership.

Integrity – Acting in an ethical, honest, and professional manner in all our interactions.

Communication – Providing responsive, accurate, and timely information to our stakeholders.

Empathy – Being aware of the feelings of others and how our actions affect them enables us to be responsive to the needs of all we encounter.



**NHRS FYs 27-29 STRATEGIC PLAN “PAA”
February 10, 2026 - DRAFT**

PRESERVE	ACHIEVE	AVOID
<ul style="list-style-type: none"> • Positive Working Relationship with Legislature • Compliance • Organizational Communication • Good Board & IIC Relationship • Transparency • Responsiveness • Desire to Improve • Knowledge Base • Objective Data Analysis • Public Education Sessions with Members • Seek to Stabilize Long-Term Investments, Without Reaction to Short-Term Market Volatility • Performance Measurement & Reporting • Productivity • Accountability • Financial Controls and prudence • Operating Budget • Business Continuity Plan • Succession Planning • Electronic Filing /Access • IT capabilities / security • Leverage IIC expertise • Employee Engagement • Pro-active Employer Relations • Inter-Departmental Communication and Cooperation • Middle Management Effectiveness • Employer payment by ACH / <i>Quickpay</i> • Board of Trustees meeting efficiencies 	<ul style="list-style-type: none"> • Organizational Efficiency and elimination of redundant processes • Cross Training • Enhanced data & cybersecurity • PGV3 Optimization • Improved customer service / contact • Continued decline in employer contribution rates • Outreach to new members • Optimization of Investment Process to improve net performance • Reduce reliance on external vendors to execute key functions for NHRS in investments • Policies & Procedures in a user-friendly format • IT resiliency and availability • Enhanced understanding for retirement process by employers • Realize long-term cost savings by owning NHRS office building • Use of modern workflows and technologies (and deprecation of old ones) • A culture of continuous learning and improvement • Proactive outreach to Veteran members on USERRA entitlements ¹ 	<ul style="list-style-type: none"> • Operational “Silos” • “That’s the way we always did it” • Surprises • Letting others define NHRS • Path of Least Resistance • Unclear Communication • Cybersecurity Breaches • Unintended consequences • Spreadsheets / manual processes / paper based workflows • Trying to do too much at once and as a result doing things poorly • Putting any other considerations above serving our members, beneficiaries and employers • Application downtime

1. The Uniformed Services Employment and Reemployment Rights Act of 1994 or USERRA is a federal law designed to encourage non-career service in the uniformed services by minimizing the disadvantages to civilian careers and employment which can result from such service; to minimize the disruption to the lives of persons performing service in the uniformed service by providing prompt reemployment of such persons upon their completion of military service; and to prohibit discrimination against persons because of their service in the uniformed services. [38 U.S.C. § 4301](#) .

NHRS FYs 26-28 Strategic Plan

Goals and Strategies	Vital Signs/ Metrics	ETeam Lead(s)	Timing/ Milestones	Budget: People, Systems, Infrastructure	Status
Goal 1: Build on the new pension administration IT platform and implement a longer-term retirement operations strategy and plan.					
1. Achieve timeline for stability with full utilization of PGV3 as intended/described.	Multiple metrics, e.g. <ul style="list-style-type: none"> Critical PIRs no longer open 	Nancy, Marie, Sonja	<ul style="list-style-type: none"> PIRs: 1/26 	X	There are still several critical functions that need to be addressed. NHRS pushed back completion due to HB 282 and move priorities.
2. Return to “normal” operations.	Meeting expected normal process metrics – KPMs and tolerances.	Nancy, Marie, Sonja	1/26	X	Delayed due to HB 282.
3. Effectively monitor and improve member and employer service levels.	Monitoring dashboards implemented – internal process metrics, member/ employer surveys.	Nancy, Marie, Sonja	Initial: 01/26 Employer Survey: 9/25 Enhanced: 8/26	X	Employer Reporting manual monitoring dashboards have been in place. Automated reporting and dashboards to be implemented. Baseline Employer Reporting survey will be distributed in April 2026. MS dashboards on roadmap- delayed. Survey reporting redesign pended for new PIO Director arrival for organizational coordination.
4. Develop and implement a long-term plan for future service enhancements.	Long-term member and employer services enhancement roadmap completed.	Nancy, Marie, Sonja	Plan complete: 6/27	X	This is a moving target as new enhancements are requested; current items in roadmap expected completion 12/27. Delayed because of HB 282.

Goals and Strategies	Vital Signs/ Metrics	ETeam Lead(s)	Timing/ Milestones	Budget: People, Systems, Infrastructure	Status
Goal 2: Improve organizational effectiveness and accountability.					
1. Improve operational oversight through more integrated reporting systems and exception reporting.	Develop an overall business IT plan.	Sonja	12/25	X	In progress; revised due date; delayed due to HB282 and move logistics
	Explore technology integration options.	ETeam by dept	6/28	X	Annual Report automation software implementation anticipated June 2026. Finance ERP system kick off anticipated late Fall 2026.
	Revisit performance measure/ methodology tracking using metrics.	ETeam by dept	6/27	X	This process has started.
	Capture and disclose investment management fees.	Investment/ Finance	6/26	X	CEM Benchmarking completed for CY 22, 23, 24. Improved internal reporting will be implemented after Finance ERP implementation.
2. Consider revising the organization structure to better align with NHRS' vital functions (i.e., retirement operations, investments, enterprise administration).	Complete a review of the organization structure and implement appropriate changes.	Jan, Rosamond, Annie	12/26	X	This process has started.

Goals and Strategies	Vital Signs/ Metrics	ETeam Lead(s)	Timing/ Milestones	Budget: People, Systems, Infrastructure	Status
Goal 3: Build additional Investment Office capabilities to reduce costs and reliance on external resources while improving performance.					
1. Successfully build the Investment Office staff through experienced hires.	Ability to hire the right talent (salary, CBA, payroll structure, location).	Raynald	Q2-2026	X	Complete.
	Hire the right talent as appropriate to the departments (e.g. legal, technology).	Raynald	Two IO hires: Q2-2026 IT: Q2-2026 Legal: Q2-2026 Finance: Q2-2026	X	Complete. Evaluating need for IT and Legal positions. Drafting Finance position job description.
	Trim cost where prudent (external costs).	Raynald	Q4-2026	None	In process.
2. Build an internal middle- and back-office capability, including supporting infrastructure.	Investment team is self-sufficient in: <ul style="list-style-type: none"> Total plan exposure Cash flow management (internal) Controls 	Raynald	<ul style="list-style-type: none"> Exposure: Q2-2026 Cash flow: Q4-2026 Controls: Q4-2026 	X	CANOE implementation completed October 2025 to support Investments and Finance back-office functions; Cash flow-complete. All others in process.

Goals and Strategies	Vital Signs/ Metrics	ETeam Lead(s)	Timing/ Milestones	Budget: People, Systems, Infrastructure	Status
Goal 4: Build organizational resilience.					
1. Implement a formal cross training program aligned with succession planning.	Documented processes. Identified positions for cross training intradepartmental. Identified positions for cross interdepartmental.	Rosamond	12/27	X	Individual position training manuals are underway. Positions and processes for cross training are being identified.

NHRS FYs 27-29 Strategic Plan

Goals and Strategies	Vital Signs/ Metrics	ETeam Lead(s)	Timing/ Milestones	Budget: People, Systems, Infrastructure
Goal 1: Build on the new pension administration IT platform and implement a longer-term retirement operations strategy and plan.				
1. Advance use of PG’s digital workflow capabilities by completing key targeted projects.	Multiple metrics, e.g. <ul style="list-style-type: none"> • Critical PIRs no longer open 	Nancy, Marie, Sonja	<ul style="list-style-type: none"> • PIRs to be completed: Termination forms (6/27); Ret 304 (4/26); Service Purchases (12/28); and Salary continuance (12/28) • Estimated completion: 12/28 	X
2. Effectively monitor and improve member and employer service levels.	Monitoring dashboards implemented – internal process metrics, member/ employer surveys.	Nancy, Marie, Sonja	Initial: 01/26 Enhanced: 12/27	X
3. Develop and implement a long-term plan for future service enhancements.	Long-term member and employer services enhancement roadmap completed.	Nancy, Marie, Sonja	Plan complete: 12/27	X

Goals and Strategies	Vital Signs/ Metrics	ETeam Lead(s)	Timing/ Milestones	Budget: People, Systems, Infrastructure
4. Map the Full Pension Lifecycle	<p>Conduct an end-to-end process mapping of the entire pension lifecycle (“soup to nuts”).</p> <p>Identify bottlenecks, redundancies, manual steps, and failure points.</p> <p>Prioritize improvement opportunities based on impact, risk, and effort.</p> <p>Develop a future-state workflow model aligned with standardized data flows and the PGV3 platform.</p>	Nancy, Marie, Sonja	Begin 07/28	

Goals and Strategies	Vital Signs/ Metrics	ETeam Lead(s)	Timing/ Milestones	Budget: People, Systems, Infrastructure
Goal 2: Improve organizational effectiveness and accountability.				
1. Improve operational oversight through more integrated reporting systems and exception reporting.	Implement an overall IT strategic plan.	Sonja	9/26	X
	Explore technology integration options.	ETeam by dept	Ongoing	X
	Revisit performance measure/ methodology tracking using metrics.	ETeam by dept	Ongoing	X
	Capture and disclose investment management fees.	Investment/ Finance	6/27	X
2. Consider revising the organization structure to better align with NHRS' vital functions (i.e., retirement operations, investments, enterprise administration).	Complete a review of the organization structure and implement appropriate changes.	Jan, Rosamond, Annie	12/26	X
3. Increase Digital Fluency and Data Maturity	Develop a structured digital fluency program (training, tools, templates, peer support). Establish data governance practices, including definitions, stewardship roles, and quality		6/29	

	<p>standards.</p> <p>Build dashboards and reporting tools that support data-driven decision-making.</p> <p>Mature analytics capabilities from descriptive reporting to predictive and prescriptive insights.</p>			
--	--	--	--	--

DRAFT

Goals and Strategies	Vital Signs/ Metrics	ETeam Lead(s)	Timing/ Milestones	Budget: People, Systems, Infrastructure
Goal 3: Build additional Investment Office capabilities to reduce costs and reliance on external resources while improving performance.				
1. Successfully build the Investment Office staff through experienced hires.	Hire the right talent as appropriate to the departments (e.g. legal, technology).	Raynald	IT: 12/26 Legal: 12/26 Finance: 12/26	X
	Trim cost where prudent (external costs).	Raynald	12/27	None
2. Build an internal middle- and back-office capability, including supporting infrastructure.	Investment team is self-sufficient in: <ul style="list-style-type: none"> • Total plan exposure • Controls 	Raynald	<ul style="list-style-type: none"> • Exposure: 06/27 • Controls: 12/27 	X

Goals and Strategies	Vital Signs/ Metrics	ETeam Lead(s)	Timing/ Milestones	Budget: People, Systems, Infrastructure
Goal 4: Build organizational resilience.				
1. Implement a formal cross training program aligned with succession planning.	Documented processes. Identified positions for cross training intradepartmental. Identified positions for cross interdepartmental.	Rosamond	12/27	X
2. Modernize the Onboarding and Offboarding Process	Eliminate paper and static PDF forms; replace with digital, database-integrated forms. Integrate onboarding/offboarding processes with HR, payroll, security, and identity systems. Establish metrics for processing time, data accuracy, and stakeholder satisfaction	Rosamond, Sonja	6/29	
3. Improve Employee Communications Using Modern Tools	Deploy a modern intranet as the central hub for employee communications. Create standardized templates	Ashley, Rosamond and Sonja	Begin 7/27 and continue through 6/29	

	<p>and content guidelines for consistent messaging.</p> <p>Implement push notification capabilities for urgent or high value communications.</p> <p>Develop a communications governance model (owners, cadence, quality standards).</p> <p>Gather analytics and employee feedback to continuously improve communication effectiveness.</p>			
--	--	--	--	--

DRAFT



To: Board of Trustees
From: Marie Mullen, Director of Finance
Date: April 2, 2026
Re: Pension Reporting Software
Item: Action: Discussion: Informational:

NHRS annually produces several standard reports including the Annual Comprehensive Financial Report (ACFR). The System would like to implement software that automates building portions of the report. The automation will reduce the overall timeline and provide enhanced collaboration tools. A team from NHRS developed requirements and based on those requirements, evaluated several software products to improve our current reporting processes. We received demonstrations and proposals from three software vendors and based on the quality of each product demonstration, product features, compatibility, IT security and other cost benefit analysis for suitability. The successful respondent is Workiva, for which we are seeking a three-year contract. The three proposals were submitted by national firms, all having considerable experience with public pension plans.

The team also interviewed and received proposals for implementation services to build the initial report, provide training to staff, and assist with the conversion to the next fiscal year's report. Staff are recommending ZEN Atikin as the implementation partner.

Below outlines the software costs for a three-year contract with Workiva and one-time fee for the implementation partner:

Calendar Year	Cost (Workiva)	Cost (ZEN Atikin implementation partner)	Total All-Inclusive Fee
2026	\$55,000	\$35,000	\$90,000
2027	\$57,750	-	\$57,750
2028	\$60,638	-	\$60,638
All-Inclusive Total	\$173,388	\$35,000	\$208,388

Workiva and implementation partner ZEN Atikin were ranked first by each of the evaluation committee members and was unanimously recommended. The compelling factors that led to the committee's decision are the quality of Workiva's software; their responsiveness; very favorable recommendations by other pension plans; use by the State of New Hampshire; its ADA compliance checks; and its 98% customer retention rate.

For the reasons outlined above, the staff is recommending that the Board of Trustees approve a three-year contract with Workiva and approve ZEN Atikin for implementation services subject to successful contract negotiations.

Our Mission: To provide secure retirement benefits and superior service.



To: NHRS Board of Trustees
 From: Jan Goodwin, Executive Director
 Date: April 2, 2026
 Re: Budget update on 80 Commercial St renovations
 Item: Action: Discussion: Informational:

NHRS engaged in the renovation of the 80 Commercial Street building. We have worked with our consultants to provide the necessary due diligence and maintain our fiduciary responsibility to identify the most cost effective and reasonable approach.

The overall budget of \$2.1 million for the project was approved at the October 14, 2025 meeting. The table below provides an update on the revised projections versus the original budget as well as information on unanticipated costs that surfaced during construction.

NHRS - 80 Commercial Street - Concord, NH				PROJECT COST REPORT	
Origination Date:	September 11, 2025			Project USF:	32,500
Revision Date:	March 25, 2026			Projected Cost/USF:	\$64.89
Revision Number:	3			Contingency Percentage:	6.00%
Budget Category	Original Budget Oct 2025	Budget Projections March 2026	Variance	Comments	
Hard Costs					
Construction	\$1,361,245	\$1,618,609	\$257,364	Includes change orders for low voltage cabling, door hardware, and clean agent fire suppression system. Unanticipated costs for window gasket repairs.	
Voice/Data Cabling	\$147,500	\$20,000	(\$127,500)	Included in GMP	
Soft Costs					
A&E Design Fees/Other Consultants	\$175,300	\$178,800	\$3,500	Increase in Legal estimate	
Project Management	\$85,305	\$92,805	\$7,500	Increase in GID contract	
Furniture, Fixtures & Equipment					
Furniture	\$44,000	\$36,360	(\$7,640)		
IT Equipment	\$50,000	\$35,000	(\$15,000)	Needs identified less than anticipated for conference and other rooms	
Audio Visual System/Equipment	\$10,000	\$69,000	\$59,000	Unanticipated Board Room updates	
Security System	\$30,000	\$32,035	\$2,035		
Sound Masking/Intercom System	\$35,000	\$53,151	\$18,151	Actual costs greater than estimate	
Signage/Branding	\$35,000	\$24,685	(\$10,315)	Actual costs for exterior sign less than estimate	
Décor	\$7,500	\$5,000	(\$2,500)		
Projected savings from allowances and excess GMP		(\$56,500)	(\$56,500)		
Budget Contingency	\$118,851		(\$118,851)		
Totals	\$2,099,701	\$2,108,945	\$9,244		

Our Mission: To provide secure retirement benefits and superior service.

Department: Executive
 Executive Team Member: J. Goodwin

Date: 3/31/26
 Approved: 7/01/25

FYs 26-28 Executive Strategic Plan Summary

ACTION	PRIME MOVER(S)	TARGET DATE	STATUS/COMMENTS	ALIGNMENT WITH NHRS STRATEGIC PLAN
1. Oversee implementation of FYs 26-28 Strategic Plan.	JG	6/30/26	<i>In process.</i>	Goals 1-4.
2. Continue progress on Roadmap for LRS Pension Gold (PGV3) project.	JG/IT/NM/MM	6/30/26	<i>This is a continuation of the five-year project completed in FY 24.</i>	Goal 1.
3. Identify areas for improved efficiencies across the organization, including assessing and improving employee engagement.	JG/ETeam	6/30/26	<i>Ongoing.</i>	Goal 2.
4. Enhance member, beneficiary, and employer education: identify/review industry best practices for education and engagement; adjust existing education programming, as needed.	JG/TBD	6/30/26	<i>In process.</i>	Goal 1.
5. Implement agreed-upon elements of Vision for NHRS.	JG/ETeam	6/30/26	<i>Presented to BOT in 8/24. In process.</i>	Goals 1-4.
6. Attend two professional conferences.	JG	6/30/26	<i>Participated in NCTR's Annual Conference in October.</i>	Goal 2.
7. Begin reviewing the organization structure to better align with the system's vital functions.	JG/RC/AG	12/31/26	<i>In process.</i>	Goal 2.

Variables: Legislative changes, personnel changes/turnover, technology changes.



7. Begin reviewing the organization structure to better align with the system's vital functions.	JG/RC/AG	12/31/26	<i>In process.</i>	Goal 2.
--	----------	----------	--------------------	---------

Variables: Legislative changes, personnel changes/turnover, technology changes.



NHRS

New Hampshire Retirement System

To: Board of Trustees
From: Annie Gregori, Chief Legal Counsel
Date: March 30, 2026
Re: Legal Team Operating Report
Item: Action: Discussion: Informational:

Significant Developments and Priority Issues

NHRS is collaborating with the Department of Safety on a pilot program for firefighter cancer screening. NHRS is providing monthly data reports and coordinating with the Department to review firefighter membership data, supporting program implementation and ensuring alignment with statutory and reporting requirements.

During February and March, the Legal Department continued assisting in planning and implementation efforts related to HB 282. Legal worked closely with Member Services, Employer Reporting and IT to translate statutory requirements into updated guidance. Ongoing communication with participating employers and employee groups remained a priority to ensure alignment of statutory interpretation, reporting expectations, and operational impacts, reinforcing NHRS's role as a neutral plan administrator.

As part of broader governance and risk management efforts, NHRS Legal is transitioning away from the prior informal practice of providing legal advice to external parties and has shifted focus to training frontline staff who handle customer inquiries. This approach promotes consistent, accurate responses, maintains NHRS's neutral role, aligns with fiduciary obligations, and reduces operational risk.

Current Months' Highlights – February and March

HB 282 Implementation: Continued statutory analysis, stakeholder coordination, and internal planning to support timely and accurate implementation.

Process Revamp & Compliance Review: Legal is in the process of a comprehensive review of compliance processes, including updated workflows, clarified roles, and standardized templates to support consistency, data integrity, and scalable oversight.

- **Appeals (Last 12 Months): Filed: 13 | Closed: 11 | Open/Pending: 6**

Our Mission: To provide secure retirement benefits and superior service.

Vendor Compliance: Legal also implemented a Board-approved update to vendor compliance documentation by eliminating redundant ethics and political contribution disclosure forms. This change reduces administrative burden, eliminates duplicative data collection, and supports a risk-based compliance approach. Over the past five years, NHRS has incurred approximately \$65,000 in external counsel costs related to these forms, in addition to internal administrative hours. This change is expected to generate cost savings and improve operational efficiency.

Upcoming Plans and Projects

- **HB 282 Readiness:** Continued stakeholder communication and internal training development.
- **Process Modernization:** Ongoing development of standardized templates, logic charts, Q&A materials, updated plan compliance guidance, and revised Key Performance Measures (KPMs) to strengthen compliance oversight and streamline workflows.
- **Uniformed Services Employment and Reemployment Rights Act (USERRA):** Legal is developing guidance and outreach materials to ensure participating employers and members are informed of a service member's rights under USERRA as they relate to benefits administered by NHRS.
- **Cross-Functional Coordination:** Continued collaboration with Member Services and Employer Reporting to embed legal and compliance requirements into operations, supported by staff training.
- **Disability Retirement Processes.** Legal is reviewing the Gainful Occupation and Disability re-examination processes for compliance with RSA 100-A and operational efficiency.

Our Mission: To provide secure retirement benefits and superior service.

Department: Legal/Compliance
 Executive Team Member: A. Gregori

Date: 3/19/2026
 Approved: 9/1/2025

FYs 26-28 Legal Strategic Plan Summary

ACTION	PRIME MOVER(S)	TARGET DATE	STATUS/COMMENTS	ALIGNMENT WITH NHRS STRATEGIC PLAN
1. Assist in the PGV3 implementation and long-term enhancements, including HB 282 programming.	AG	6/30/26	<i>Ongoing.</i>	Goal 1.
2. Conduct and document annual review of NHRS legal and governance policies, procedures, and manuals to assure best practices.	AG/Legal Staff	6/30/26	<i>Ongoing.</i>	Goal 1.
3. Ensure annual compliance with the Voluntary Correction Program Policy.	AG/ Legal Staff	12/31/26	<i>Ongoing.</i>	Goal 1.
4. Assure legal compliance with all legislative proposals adopted and effective in 2026.	AG	6/30/26	<i>Ongoing.</i>	Goal 1.
5. Review NHRS website for legal compliance with updates as needed.	AG/RF/ Legal Staff	6/30/26	<i>Ongoing.</i>	Goal 1.
6. Identify, enroll, and complete a professional development program.	AG/Legal Staff	6/30/26	<i>In progress</i>	Goal 1.

7. Begin reviewing the organization structure to better align with the system's vital functions.	JG/ RC/AG	12/31/26	Not Started	Goal 2.
8. Identify areas for improved efficiencies in the legal department and employer audits.	AG/MM	6/30/25	<i>In process.</i>	Goal 1.
9. Development of structured reports in PGV3 to support employer audit procedures and ensure regulatory plan compliance	AG/SG/M M	12/31/20 25	<i>In process</i>	Goal 2.

Variables: Legislative changes, personnel changes/turnover, technology changes.



To: Board of Trustees
 From: Raynald Leveque, Chief Investment Officer
 Date: April 2, 2026
 Re: Investments Operating Report
 Item: Action: Discussion: Informational:

Significant Developments and Priority Issues

- March Investment Committee (Committee) Meeting Recap:
 - Staff presented an update on the monthly performance of the public market asset classes of the NHRS, holdings, and work plan.
 - Staff provided an update on transition activity pertaining to the restructuring of the U.S. Public Equity Portfolio approved by the Committee at its January meeting.
 - Staff presented the NHRS Private Markets Three-Year Strategic Plan.
 - The Committee received a presentation from private credit manager Jefferies Credit Partners and unanimously voted to commit up to \$100 million to Jefferies Credit Partners Direct Lending Fund III, 1x Levered, subject to contract and legal review.
 - The Committee received a presentation from Public Global Equity manager Walter Scott & Partners, as part of the manager review process.

Latest Months' Highlights – February and January

- Preliminary Performance for February Period:

As of 2/28/2026	1 Month	Fiscal Year to Date	1-YR	3-YR	5-YR	10-YR
NHRS Total Fund <u>Net</u> Return	+1.27 %	+9.08%	+13.69%	+10.76%	+8.19%	+9.36%
Policy Benchmark Return	+1.26%	+12.35%	+16.29%	+13.69%	+8.53%	+9.68%
Net Return Minus Benchmark (in basis points)	+1	-328	-260	-293	-34	-32

Source: Callan, NHRS

- KPM Monthly Reporting for February:
 - Six reported KPMs were achieved; two were not achieved; two are not applicable.

Our Mission: To provide secure retirement benefits and superior service.

- KPM Monthly Reporting for January:
 - Seven reported KPMs were achieved; three are not applicable.

Upcoming Plans & Projects

- May Investment Committee Meeting:
 - Staff will present an update on the monthly performance of the public market asset classes of the NHRS, holdings, and the Work Plan.
 - Staff will present a review of the Non-U.S. Public Equity portfolio.
 - The Committee will receive a presentation from a Private Equity manager.

Securities Litigation Summary

The Investment Team regularly monitors and participates in class action securities litigation to recover NHRS funds lost through investments in public securities. NHRS engages with our custodian bank to participate in standard U.S. class action litigation (the current custodian is BNY Mellon). NHRS hired ISS in 2018 to provide litigation research and claims filing solutions for non-standard U.S. class action and international securities litigation. The table below reports the annual historical recoveries for the NHRS.

Calendar Year	Amount
2005	\$ 624,261
2006	\$ 1,373,631
2007	\$ 2,410,390
2008	\$ 1,980,702
2009	\$ 1,972,216
2010	\$ 1,374,754
2011	\$ 550,324
2012	\$ 835,766
2013	\$ 310,321
2014	\$ 803,621
2015	\$ 627,131
2016	\$ 670,404
2017	\$ 1,280,969
2018	\$ 279,783
2019	\$ 675,406
2020	\$ 289,418
2021	\$ 483,889
2022	\$ 265,959
2023	\$ 754,938
2024	\$ 326,643
2025	\$ 494,877
2026 through February 28th	\$ 15,538
Total:	\$ 18,400,940

Source: BNY, ISS, NHRS, Northern Trust

Our Mission: To provide secure retirement benefits and superior service.

Department: Investments
 Executive Team Member: R. Leveque

Date: 4/2/26
 Approved: 7/23/25

FYs 25-27 Investments Strategic Plan Summary

ACTION	PRIME MOVER(S)	TARGET DATE	STATUS/COMMENTS	ALIGNMENT WITH NHRS STRATEGIC PLAN
1. Complete a 5-yr Strategic Plan for the Investments department at NHRS for approval with the IIC and the BOT.	RL/IIC/BOT	8/24	<i>Completed. IIC approved the Investment Office Strategic plan at the 7/24 IIC meeting. BOT approved Investment Office Strategic Plan in the 8/24 BOT meeting.</i>	Goal 3.
2. Develop and gain approval for plan to expand the talent and resources to support the Investment Office.	RL/JG	FYs 25-26	<i>In Process. Interviewing for Investment Generalist and Operations Specialist - ETA March 2026. Completed hire of Head of Private Markets in July 2025. Completed hire of Head of Portfolio Administration position in January 2026.</i>	Goal 3.
3. Review the NHRS portfolio and Investment Office cost benchmarking study.	RL	8/25	<i>Completed. CEM Cost Benchmarking study presented to Board at 12/9 BOT meeting.</i>	Goal 3.
4. Address areas of cost efficiencies in the NHRS portfolio and/or Investment team services.	RL	FYs 25-27	<i>In Process. Work estimated to begin at the conclusion of the CEM Cost Benchmarking study.</i>	Goal 3.

5. Work with Legal, IT, and Finance to implement middle and back-office capabilities for the Investment Office.	RL/JG/ TC/JL/MM	FYs 25-27	<i>Completed. Concluded McLagan review of Investment, Legal and Finance positions. Completed hire of Head of Private Markets in July 2025.</i>	Goal 3.
6. Develop and gain approval for specific technology plan to support the Investment Office.	RL/JG	FYs 25-27	<i>On Hold. Working to issue RFP for analytics platform Q2-2026.</i>	Goal 3.
7. Investigate and recommend additional services for fee monitoring and validation at the total plan and asset class levels.	RL	FYs 25-26	<i>Completed. Implementing Albourne fee transparency service for alternative portfolio.</i>	Goal 4.
8. Identify, enroll and complete professional development for Investment Office.	RL	FYs 25-26	<i>On Hold. Next workshop planned upon conclusion of Head of Portfolio Administration.</i>	Goal 4.
9. Assure compliance with all relevant statutory and regulatory requirements.	RL/IIC/BOT	6/25	<i>Ongoing. In compliance with all relevant statutory and regulatory requirements.</i>	Goal 2.
10. Complete Work Plans for Alternatives Asset Classes.	RL/IIC	12/25	<i>Ongoing. Presented Global Equity Implementation Plan at November 2025 IIC meeting.</i>	Goal 2.
11. Maintain investment expenses within budget.	RL/IIC	6/25	<i>Ongoing. Expenses in line with Trust Budget.</i>	Goal 2.

Variables: Legislative changes, personnel changes/turnover, technology changes.



NHRS

New Hampshire Retirement System

To: Board of Trustees
From: Nancy J. Miller, Director of Member Services
Date: April 1, 2026
Re: Member Services Operating Report
Item: Action: Discussion: Informational:

Significant Developments and Priority Issues

- Member Services has been in Phase II of HB 282 since the start of March. Regression testing has been completed at this point and B+ plan calculation testing has started. All three Member Service business units are involved in this extensive testing.
- Member Services has been working closely with our PIO team and others as communications and schedule adjustments are made relative to the NHRS moving to 80 Commercial Street.

Current Months' Highlights – February and March

- Retiree Benefits is recruiting for a Retirement Benefit Generalist. Several first round interviews are being scheduled.
- The July retirement filing period starts on April 2. The Benefit Specialist team has already adjusted their appointment availability, and we are working closely with the Contact Center to manage the July filing period schedule. We are balancing this with our office move in the middle of April.
- The Contact Center team is now assisting in the areas of demographic changes for active and retired member as well as requests for income verification statements for our retirees. The Contact Center is also currently acting as the initial response team for 2025 Form 1099 inquiries post distribution to *My Account* and the upcoming mailing in January.
- All applicable KPMs were achieved.

Upcoming Plans & Projects

- HB 282 Phase II testing will continue to remain a high priority with Member Services. We will also be focused on the building move and managing the July filing period for 2026.

Our Mission: To provide secure retirement benefits and superior service.

NHRS New Retirement Applicants Placed on Payroll

	2026	2025	2024	2023	2022	2021
June		92	77	105	106	126
May		85	81	88	110	92
April		82	93	76	117	95
March	101	91	74	97	104	97
February	83	82	94	89	105	93
January	142	161	125	131	200	154
December	103	75	64	88	71	78
November	81	81	90	66	91	113
October	111	103	103	110	128	118
September	110	119	143	116	128	129
August	147	140	180	162	210	147
July	625	606	579	731	775	694
Total	625	1,717	1,703	1,859	2,145	1,936

NHRS Retirement Appointment Total by Month for Fiscal Year

	2026	2025	2024	2023	2022	2021
June		93	77	55	25	42
May		195	187	115	34	34
April		210	137	84	49	135
March	88	61	67	36	22	38
February	89	59	52	25	15	44
January	92	44	29	22	13	25
December	88	33	49	15	13	39
November	78	48	54	15	19	37
October	113	57	32	24	23	48
September	60	30	33	10	23	44
August	69	52	46	14	19	32
July	78	56	38	15	25	28
Total	78	938	801	430	280	546

Our Mission: To provide secure retirement benefits and superior service.

Department: Member Services (MS)
 Executive Team Member: N. Miller

Date: 4/1/26
 Approved: 7/1/25

FYs 26-28 Member Services Strategic Plan Summary

ACTION	PRIME MOVER(S)	TARGET DATE	STATUS/COMMENTS	ALIGNMENT WITH NHRS STRATEGIC PLAN
1. Adhere to and complete PGM3 Roadmap enhancements and projects (i.e. teacher salary contract project, Community College population project).	NM/MS/IT/ LRS	FYs 26-28	<i>Some projects in flight, others having dates prioritized over upcoming calendar year quarters.</i>	Goal 1.
2. Design, test and implement legislative changes relative to Benefit calculations according to effective dates determined in statute HB 282.	NM/MS/IT/ LRS	FY 26	<i>In process.</i>	–
3. Implement new and adjusted procedures for Retiree Death Case processing to realign NHRS collection procedures (audit finding).	NM/MS/IT/ Legal/ Finance	FYs 26-28	<i>Best practice research underway.</i>	–
4. Identify and implement comprehensive KPMs for NHRS Contact Center (CC).	NM/ CC Manager/ Team	FY 26	<i>In process.</i>	–
5. Develop a Communication and Training Program for NHRS CC to facilitate response content clarity and consistency from Back Office to CCRs.	NM/ CC Manager/ MS/Finance/ Legal/PIO	FY 26	<i>In Process.</i>	–

Variables: Legislative changes, personnel changes/turnover, technology changes.



Contact Center Dashboard

February 2026

Walk-Ins

Number of Walk-Ins	250

Emails

NHRS Info @ emails addressed by CCRs	966
--	-----

Message Center Threads

Addressed by CCRs	114
-------------------	-----

Calls

Queue Name	Calls Presented	Total Calls Handled	Calls Abandoned	Percentage Abandoned	Voicemail	Missed Call	Average Handle Time
Employer	55	41	14	25.45%	0	0	3:19:00
My Account	517	376	139	<u>26.89%</u>	2	0	7:53:00
Member	1141	932	206	18.05%	3	0	7:22:00
Retiree	1784	1326	447	25.06%	11	0	6:13:00
1099	1086	633	446	0.00%	7	0	0:00:00
Totals	4583	3308	1252	27.32%	23	0	4:57:24

Contact Center Dashboard

March 2026

Walk-Ins

Number of Walk-Ins	289

Emails

NHRS Info @ emails addressed by CCRs	882
--	-----

Message Center Threads

Addressed by CCRs	99
-------------------	----

Calls

Queue Name	Calls Presented	Total Calls Handled	Calls Abandoned	Percentage Abandoned	Voicemail	Missed Call	Average Handle Time
Employer	40	35	5	12.50%	0	0	3:19:00
My Account	351	312	38	10.83%	1	0	7:53:00
Member	1311	1213	96	7.32%	2	0	7:22:00
Retiree	1400	1261	134	9.57%	5	0	6:13:00
1099	369	323	44	11.92%	2	0	0:00:00
Totals	3471	3144	317	9.13%	10	0	4:57:24



NHRS

New Hampshire Retirement System

To: Board of Trustees
From: Marie A. Mullen, Director of Finance
Date: April 2, 2026
Re: Finance Operating Report
Item: Action: Discussion: Informational:

Significant Developments and Priority Issues

- Corrective action plan completed for outstanding audit observation related to timely bank reconciliations. Bank reconciliations for January and February have been completed within recommended time frame.
- HB282 Employer Update: Phase 2 changes are currently being tested. Development is in progress for automated Employer Notifications of eligible Tier B+ members.
- Employer Audit will be transitioning to the Finance team effective July 1. Priorities over the next few months will be development of revised policies and procedures and implementation in the new fiscal year.

Current Months' Highlights – February and March

- February and March employer reporting were 99% on time. February payments were 93% on time and March payments were 98% on time.
- Outstanding receivables and reconciliations continue to decrease and are currently less than \$35k.
- Pittsfield SD has submitted the final installment of their payment plan and are paid up to date, including approximately \$330k of RET304 billings.
- All actively participating employers have completed their Retiree Reporting. There are two inactive employers that have yet to report.
- Our first Employer Reporting Survey has been developed and is targeted to be deployed in April.
- We continue to work on less critical Employer Reporting enhancements related to school and SAU reporting.
- Finance completed nine of 12 KPMs for January and February. For January, two KPMs did not have deliverables, and one was not met as we continued to get caught up on our monthly bank reconciliations. For February, three KPMs did not have deliverables. The monthly bank reconciliation was completed timely for January in the month of February.
- FY 26 Net Position YTD through January increased \$1.664 million or 12.4% from FY 25 June to \$15.1 billion.
- FY 26 Cash Flow YTD through January was unfavorable to the previous year once removing the one-time terminal funding for HB 282 of \$14.5 million. The variance

Our Mission: To provide secure retirement benefits and superior service.

is due to the increase in annuity payments related to the year-over-year volume increase as well as increased average final compensation (AFC) for newer retirements. The shortfall is as anticipated and is covered by investments in the fund.

- FY 26 year-to-date administrative expenses through February are within budget.

Upcoming Plans & Projects

- Continued improvements and enhancements to PGV3.
- Recruit and hire new Investment Analyst position.
- Implementation of annual report software.
- Incorporate Employer Audit into Finance by July 1 and develop updated policies and procedures for implementation.
- FY 27 Trust Fund Budget (June BOT).
- FY 28-29 Statutory Administrative Budget (August BOT).

Our Mission: To provide secure retirement benefits and superior service.

Division: Finance
 Executive Team Member: M. Mullen

Date: 4/2/26
 Approved: 12/03/25

FYs 26-28 Finance Strategic Plan Summary

ACTION	PRIME MOVER(S)	TARGET DATE	STATUS/COMMENTS	ALIGNMENT WITH NHRS STRATEGIC PLAN
1. Develop Employer Reporting internal training manual.	MM/KN/IT	Q3-FY 26		Goal 1.
2. Develop Employer training program for DRS reporting.*	MM/KN/IT/ Finance	Q3-FY 26	<i>Employer manual.</i> Complete. <i>Training program for employer new hires.</i>	Goal 1.
3. Develop and deploy first annual employer survey.	MM/PIO/KN	Q3-FY 26	<i>In coordination with PIO.</i> Distribution in April.	Goals 1 & 2.
4. Improve and develop Employer Reporting dashboards and reports.	MM/KN/IT	Q4-FY 26	<i>In coordination with IT.</i> <i>Build automated dashboard reports.</i> Deferred until FY27 due to HB 282.	Goals 1 & 2.
5. Implementation of financial and other software applications to automate processes, improve reporting, streamline financial analysis, and improve security.*	MM/IT/KN/HS	Ongoing.	<i>In coordination with IT.</i> <i>DocStar invoice workflow automation. Complete.</i> <i>PG roadmap items as prioritized for FY26.</i> <i>Implement Annual Report software. Q4 FY26</i> <i>Financial software upgrade/replacement.</i> Deferred until FY27.	Goal 2.

6. Implementation of Finance related items in Investment Strategic Plan.*	MM/HS/ Investments	Ongoing.	<i>In coordination with Investments. Automate investment documentation acquisition for cap calls, financials, cap statements, etc. (Q1-FY 26) Complete. Hire Investment Analyst. Q4 FY26</i>	Goal 3.
7. Develop schedule to update Finance policies and procedures.	MM/KN/HS	Q4-FY 26		–
8. Attend Professional Conference.	MM/KN	Q2-FY 26	Complete.	Goal 4.

* - This goal will have a more detailed action plan associated with it, listing more granular actions and target dates.

Variables: Legislative changes, personnel changes/turnover, technology changes.

NHRS Board Monthly Reporting Package

Finance

April 14, 2026

Net Position (\$s in Billions)	FY 2026	FY 2025
Current Fiscal Year-To-Date	Jan-26	Jan-25
Net Position Change	\$1.664	\$1.012
Prior Year Beginning Balance	\$13.448	\$12.341
Net Position Balance	\$15.112	\$13.353

CASH FLOW-Contributions & Benefits					
Cash Basis (\$s in Millions)					
		FY 2026 YTD		FY 2025 YTD	
Contributions	Jan-26	January		January	
Employers	\$ 62.921	\$ 385.514	\$ 59.049	\$ 384.650	
RSA from State of NH	\$ -	\$ 14.500	\$ 0.432	\$ 26.432	
Members	\$ 26.916	\$ 169.753	\$ 24.849	\$ 160.980	
Subtotal	\$ 89.837	\$ 569.767	\$ 84.330	\$ 572.062	
Benefits					
Annuity & OPEB	\$ 91.999	\$ 640.187	\$ 88.644	\$ 618.114	
Refunds & All Other	\$ 4.247	\$ 26.141	\$ 5.020	\$ 25.593	
Subtotal	\$ 96.246	\$ 666.328	\$ 93.664	\$ 643.707	
Total Cash Flow Gain/(Shortfall)	\$ (6.409)	\$ (96.561)	\$ (9.334)	\$ (71.645)	

FY 2026 BUDGET vs. ACTUAL					
Investments & Non-Investment Administrative Expenses					
July 1, 2025 Through February 28, 2026					
	Total Budget	FY26 Transfers	FYTD Budget	Actual	Difference
Investment					
Administrative Expenses					
Internal	\$ 2,714,314	\$ -	\$ 1,785,208	\$ 1,070,947	\$ 714,261
External (Manager & Custodial)	\$ 33,337,726	\$ -	\$ 22,225,152	\$ 25,522,312	\$ (3,297,160)
Subtotal	\$ 36,052,040	\$ -	\$ 24,010,360	\$ 26,593,259	\$ (2,582,899)
Non-Investment					
Administrative Expenses					
Internal (Statutory Administrative)	\$ 19,255,529	\$ -	\$ 12,683,465	\$ 10,463,284	\$ 2,220,181
External (Actuary, Legal, Audit)	\$ 3,467,486	\$ -	\$ 2,311,657	\$ 1,437,251	\$ 874,406
Subtotal	\$ 22,723,015	\$ -	\$ 14,995,122	\$ 11,900,535	\$ 3,094,587
Total Administrative Expense	\$ 58,775,055	\$ -	\$ 39,005,482	\$ 38,493,794	\$ 511,688

New Hampshire Retirement System
Investment & Non-Investment Administrative Expenses
Budget vs. Actual
July 1, 2025 Through February 28, 2026
FY 2026

	TOTAL Budget	FY26 Transfers	FYTD Budget	FYTD Actual	Difference	Variance Explanations
1 Investment Administrative Expenses						
2 Internal Investment Expenses						
3 Salaries & Benefits	\$ 1,898,144		\$ 1,241,094	\$ 907,922	\$ 333,172	
4 Part Time Salaries	-	1,000	-	974	26	
5 Current Expenses/Supplies/Education	51,400.0		34,267	10,026	24,241	
6 Subscriptions	6,220.0		4,147	5,470	(1,323)	Timing of expenses to budget. Will balance by end of year.
7 Consultants	215,000.0		143,333	25,839	117,494	
8 Technology & Analytical Systems	487,575.0	(2,000)	325,050	102,285	220,765	
9 Organization Dues	12,375.0	1,000	8,250	13,022	(3,772)	Timing of expenses to budget. Will balance by end of year.
10 Travel	43,600.0		29,067	5,409	23,658	
11 Subtotal Internal Investment	2,714,314	-	1,785,208	1,070,947	714,261	
12 External Investment Expenses						
13 Management Fees						
14 Marketable Investments	28,363,726		18,909,151	21,580,916	(2,671,765)	New manager (Manulife) not included in budget and investment value greater than assumed in budget.
15 Real Estate	3,000,000		2,000,000	2,476,133	(476,133)	Investment value greater than assumed in budget resulting in higher fees.
16 Subtotal Management Fees	31,363,726	-	20,909,151	24,057,049	(3,147,898)	
17 Investment Administrative Expenses						
18 Custody Fees						
19 Master-BNY Mellon	730,000		486,667	803,329	(316,662)	FY25 invoices paid in FY26.
20 General Investment Consultant Fees	700,000		466,667	325,000	141,667	
21 Legal-Investment	400,000		266,667	283,554	(16,887)	FY25 invoices paid in FY26.
22 Other Fees	144,000		96,000	53,380	42,620	
23 Subtotal Invest. Administrative Expenses	1,974,000	-	1,316,001	1,465,263	(149,262)	
24 Subtotal External Investment	33,337,726	-	22,225,152	25,522,312	(3,297,160)	
25						
26 Total Investment Internal & External	\$ 36,052,040	\$ -	\$ 24,010,360	\$ 26,593,259	\$ (2,582,899)	
27						
27 Non-Investment Administrative Expenses						
28 Internal Non-Investment Expenses						
29 Salaries & Benefits	\$ 11,977,233		\$ 7,831,268	\$ 6,574,715	\$ 1,256,553	
30 Current Expenses	295,875		197,250	157,514	39,736	
31 Rents & Leases	473,200		315,467	299,538	15,929	
32 Equipment	80,000		53,333	31	53,302	
33 Technology-Software & Hardware	4,288,000		2,858,667	2,538,267	320,400	
34 Payroll & Other Services	75,000		50,000	48,573	1,427	
35 Independent Med. Examiners/Consultants	605,000		403,333	190,243	213,090	
36 Retiree Health Insurance	174,000		116,000	67,644	48,356	
37 Other	1,287,221		858,147	586,759	271,388	
38 Subtotal Internal Non-Invest. Adm	19,255,529	-	12,683,465	10,463,284	2,220,181	
39						
42 External Non-Investment Expenses						
43 Actuarial Fees	236,000		157,333	174,766	(17,433)	Timing of expenses to budget. Will balance by end of year.
44 Legal Fees	225,000		150,000	139,519	10,481	
45 Audit Fees	411,500		274,333	270,750	3,583	
46 Other Consulting Fees	410,000		273,333	172,724	100,609	
47 Insurance Expense	269,986		179,991	212,844	(32,853)	Timing of expenses to budget. Will balance by end of year.
48 Local Custodian	100,000		66,667	67,943	(1,276)	Timing of expenses to budget. Will balance by end of year.
49 Capital Expenses	1,815,000		1,210,000	398,705	811,295	
50 Subtotal External Non-Invest. Adm	3,467,486	-	2,311,657	1,437,251	874,406	
51						
52 Total Non-Invest. Internal & External	\$ 22,723,015	\$ -	\$ 14,995,122	\$ 11,900,535	\$ 3,094,587	
53						
54 Total Administrative Expense	\$ 58,775,055	\$ -	\$ 39,005,482	\$ 38,493,794	\$ 511,688	



NHRS

New Hampshire Retirement System

To: Board of Trustees

From: Rosamond Cain, Director of Human Resources

Date: March 30, 2026

Re: HR Operating Report

Item: Action: Discussion: Informational:

Significant Developments and Priority Issues

- NHRS is currently actively recruiting for one position: Investment Generalist II. We are reviewing position descriptions for the open Benefit Specialist position.
- We have hired an IT software Solutions Manager, an Investment Operations Specialist II, a Director of Communications & Legislative Affairs and a Facilities & IT Coordinator, since the last Board meeting.
- NHRS held a room naming contest for the new building; the winning names are attached.
- HR has continued to work on updating training manuals and position descriptions due to the implementation of PGV3.
- HR is creating safety training for our new building.

Current Months' Highlights – February and March

- HR met all four KPMs for the past two months.
- HR continues to work with the ETeam on the building and move projects and staffing initiatives.

Upcoming Plans & Projects

- All policies and procedures need to be reviewed and updated if necessary.

Our Mission: To provide secure retirement benefits and superior service.

NHRS, 80 Commercial Street Room Names

Conference Meeting Rooms:

- **Kancamagus 108**
- **Tuckerman's 109**
- **Flume 110**
- **Isle of Shoals 142**
- **Castle in the Clouds 205**
- **Chocorua 210**
- **Polar Caves 220**
- **Odiorne Point 231**
- **Crutchfield Board Room 301**
- **Lost River 314**
- **Franconia Notch 326**

Huddle Rooms (Intended for 2-4 people, active discussion, small working sessions)

- **Mt. Kearsarge 141**
- **Mt. Washington 208**

Focus Rooms (Intended for individual or 1:1 use, private, confidential or heads down work)

- **Winnisquam 206**
- **Newfound 207**
- **Winnipесаaukee 305**
- **Pleasant Lake 324**
- **Baboosic Lake 325**

Phone booth

- **Squam Lake 123**

Lactation room

- **Lake Sunapee 200**

Our Mission: To provide secure retirement benefits and superior service.

Division: Human Resources (HR)
 Executive Team Member: R. Cain

Date: 03/30/2026
 Approved: 7/1/25

FYs 26-28 Human Resources Strategic Plan Summary

ACTION	PRIME MOVER(S)	TARGET DATE	STATUS/COMMENTS	ALIGNMENT WITH NHRS STRATEGIC PLAN
1. Plan, schedule, and present two trainings for our staff annual training plan.	RC/JG/ETeam/ MTeam	6/30/26	<i>Researching trainings- Civility in the workplace, Mental Health Resilience and Communication to be presented in June.</i>	Goal 4.
2. Maintain a management development program for middle managers and staff identified as possible managers.	RC/JG/ETeam/ MTeam	6/30/26	<i>Ongoing.- six managers are enrolled with sessions beginning in February.</i>	Goal 2.
3. Assist in monitoring and maintaining staffing levels in all departments to keep organization on time and budget.	RC/ETeam/ MTeam	6/30/26	<i>Ongoing.</i>	Goals 2 & 4.
4. Create, implement, and maintain electronic performance appraisals utilizing the ADP software.	RC/MTeam	6/30/26	<i>Ongoing.</i>	Goal 2.
5. Begin a review of the organization structure and implement appropriate changes if warranted.	RC/AG/JG	12/31/26	<i>FY 26 AP Item. This process has begun; updates will be forthcoming.</i>	Goal 2.

6. Continue review of all training manuals to reflect PGV3.	RC/MTeam/ Staff	1/31/26	<i>Ongoing.</i>	Goal 4.
7. Continue review of all position descriptions to reflect PGV3.	RC/MTeam/ Staff	1/31/26	<i>Ongoing.</i>	Goal 4.
8. Implement a formal cross training program aligned with succession planning.	RC/ETeam/ MTeam	12/31/27	<i>Not started.</i>	Goal 4.
9. Ensure compliance with all federal, state and CBA rules and regulations.	RC/Legal/ J. Goodridge	6/30/26	<i>Current.</i>	–
10. HR Tech. to identify and enroll in a professional development program.	J. Goodridge/ RC	12/31/25	<i>Complete.</i>	–
11. HR Mgr. to identify, enroll in, and complete a professional development program.	RC/JG	12/31/25	<i>Complete.</i>	–

Variables: Legislative changes, personnel changes/turnover, technology changes.



NHRS

New Hampshire Retirement System

To: Board of Trustees

From: Jan Goodwin, NHRS Executive Director

Date: April 2, 2026

Re: Communications/Legislative Affairs Operating Report

Item: Action: Discussion: Informational:

Significant Developments and Priority Issues

- There are six NHRS-related LSRs that are currently being monitored in the 2026 Legislative session and of the six remaining bills, three had scheduled hearings on Wednesday, April 1st. Two, SB 502, allowing IIC members to participate remotely, and SB 485, revising the Administrative Procedure Act, and the third, HB 1211, interpretations involving state agencies. Of note, the Senate EL&MA committee voted to recommend inexpedient to legislate (ITL), 5-0, on HB 1233, bill on non-public sessions and minutes under right-to-know law. The recommendation will be voted on by the full Senate at a future date.
- Communications team continues to work with multiple functional teams in the process of updating calculations in NHRS pension administration software system and employer reporting requirements following enactment of HB 282.
- Communications team and IT continue to upgrade the NHRS website to meet new accessibility standards that take effect in April 2027. Enhancements were coordinated with SilverTech, the website designer and host. The NHRS website has successfully increased its accessibility score from 78.7% on Sept. 3, 2025, to 96.7% on March 27, 2026, exceeding the compliance requirement of 95%. Internal review of existing content is ongoing in consideration of the new standards.

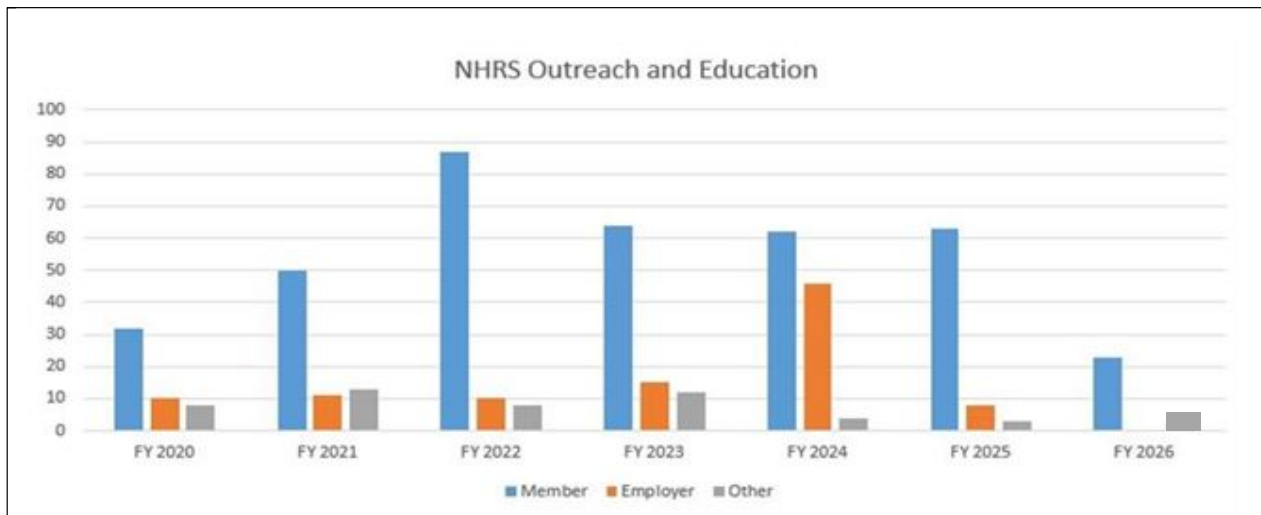
Current Months' Highlights – February and March

- Disseminated information on the relocation of the NHRS office to 80 Commercial Street in April, including email campaign, posters, website updates, and letters to its members, retirees, beneficiaries, employers, stakeholders, and vendors.
- Provided internal support to staff on establishing consistent communication about the move, providing messaging for the email salutation, and worked with IT on instructions for staff to establish voicemail recordings in Teams about the move.
- Worked with Finance on communication to employers about NHRS' upcoming relocation, including a poster on NHRS' move for distribution.
- Prepared and distributed email to employers on FY 2025 GASB 67-74 report.
- Hosted or participated in nine member education events.
- PIO met seven of seven applicable KPMs.

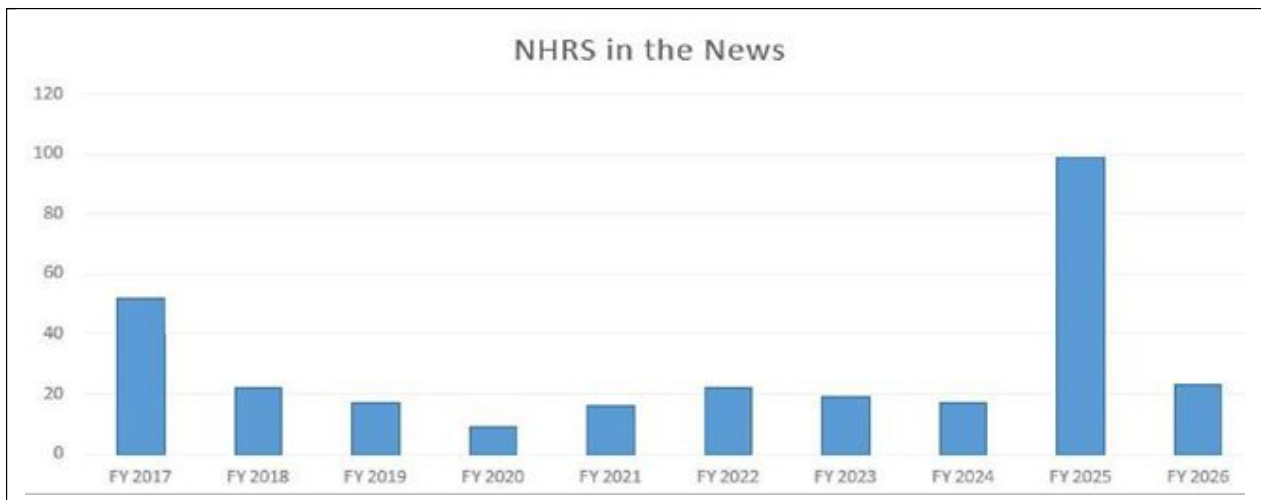
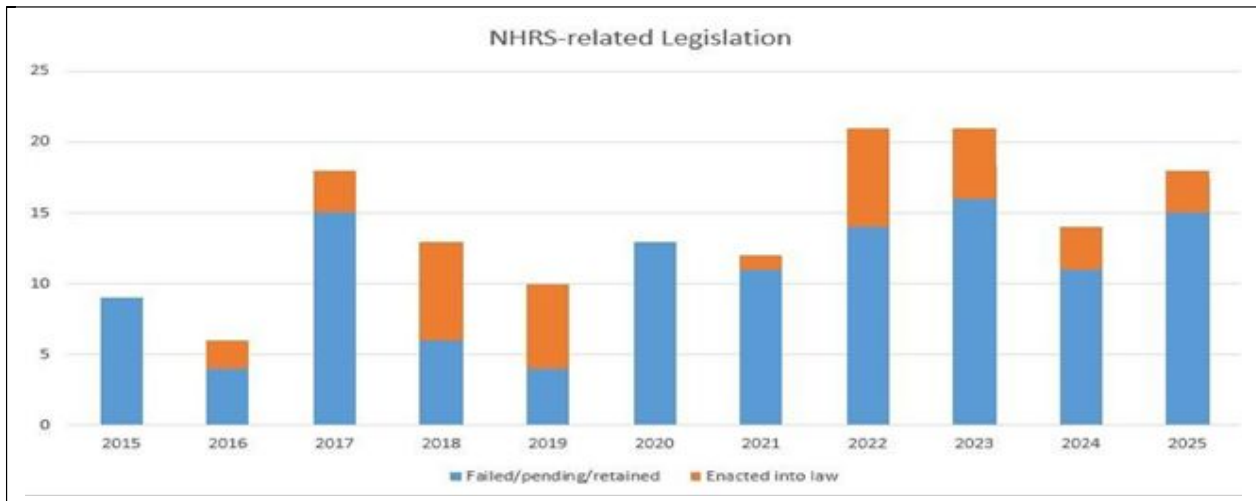
Upcoming Plans & Projects

- Hosting or participating in nine member events in April and May.

Our Mission: To provide secure retirement benefits and superior service.



“Other” events include presentations to member, employer, and retiree organizations.



News articles and commentary in NH and national media outlets in which NHRS is the primary subject.

Our Mission: To provide secure retirement benefits and superior service.

Department: Communications (PIO)
 Executive Team Member: J. Goodwin

Date: 4/2/26
 Approved: 6/10/25

FYs 26-28 Communications Strategic Plan Summary

ACTION	PRIME MOVER(S)	TARGET DATE	STATUS/COMMENTS	ALIGNMENT WITH NHRS STRATEGIC PLAN
1. In collaboration with the Finance team, implement new, ongoing employer training program for DRS reporting.	PIO staff / Finance	FYs 25-26	<i>In progress.</i>	Goal 1.
2. Update NHRS website to meet new ADA compliance rules that take effect in April 2026.	PIO staff / IT	FY 26	<i>In progress.</i>	Goal 1.
3. Host training series of best practices for phone, email and in-person communications with NHRS staff.	RF / IT / HR	FY 26	<i>Complete.</i>	Goal 4.
4. Develop and deploy annual member survey assessing knowledge of NHRS benefits and preferences for future member education efforts.	PIO staff	FYs 27-28	<i>Pending.</i>	Goal 4.
5. Update and expand member education.	PIO	FY 26	<i>In progress. Update presentation materials and handouts to reflect legislative changes from 2025.</i>	Goal 4.

6. Investigate further integration of PIO and the Contact Center.	JG / NM	FYs 26-27	<i>Pending.</i>	Goal 5.
7. Implement ongoing campaign to encourage members and retirees to sign up for <i>My Account</i> .	PIO / NM	FY 26	<i>Complete.</i>	Goal 1.
8. Assist Finance team in developing and deploying annual employer survey.	Finance / PIO	FY 26	<i>FY 26 goal.</i>	Goal 2.
9. Maintain positive and constructive working relationship with the NH Legislature.	Legal	FYs 26-28	<i>In progress.</i>	-
10. Coordinate NHRS interactions with and prepare materials for statutory commission to study retirement benefits and retention of employees scheduled to meet in the summer of 2027.	PIO staff / Legal	FYs 26-27	<i>FY 26 goal.</i>	-
11. Annually identify, enroll, and complete a professional development opportunity.	TBD	FYs 26-28	<i>TBD.</i>	-

Variables: Legislative changes, personnel changes/turnover, technology changes.



NHRS

New Hampshire Retirement System

To: Board of Trustees

From: Sonja Gonzalez

Date: March 31, 2026

Re: Information Technology Operating Report

Item: Action: Discussion: Informational:

Significant Developments and Priority Issues

- Development for HB 282 is on target. LRS continues to work closely with NHRS on the coding changes required to support this bill.
- IT is making significant progress on projects supporting the move to 80 Commercial Street.

Current Months' Highlights – February and March

- Met six of seven KPMs each month (February and March). One N/A as the function is not actively being performed at this time.
- Enterprise-wide system patching remains a security maintenance priority.
- Software Solutions Manager started February 23. Facilities and IT Coordinator will start April 6.
- Project Updates
 - 80 Commercial Street
 - Technology upgrades and migration efforts continue and are on track for the transition to the new building by April 2026. Infrastructure modernization and business continuity optimization are central priorities.
 - Facilities contracts continue to be planned and executed.
 - Document scanning project is on track. Documents have been moved to scanning vendor storage and proof of concept for document ingestion into our database is under way.
 - Policies and procedures are being updated and developed to adhere to our adopted cybersecurity framework.
- PensionGold Enhancements and Efficiency Improvements
 - Operating status: tracking within expected support hours consumption rate
 - Current support hours available: 2,284.5
 - 2,500 hours purchased in December 2025
 - 280 Support hours projected through April 2026 (includes HB 282 Phase 2)
- Performance Support Activity (January 23, 2026 – March 26, 2026):
 - Tickets opened: 189
 - Tickets closed during (from those opened): 146
 - High-severity issues resolved: 23
 - Cumulative Totals

Our Mission: To provide secure retirement benefits and superior service.

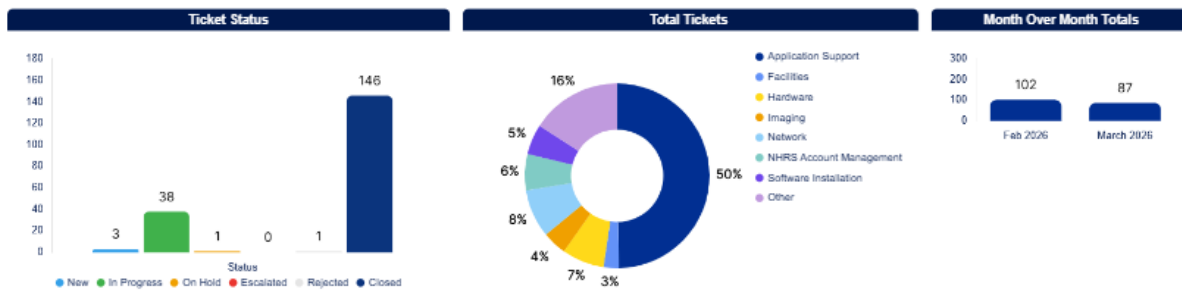
- Total Lifetime Tickets: 2568
- Total Lifetime Tickets Resolved: 2462
- Overall resolution rate: 95.8%
- Current backlog: 106 open tickets
- Focus on HB282 cause for reduction

Focus for next period

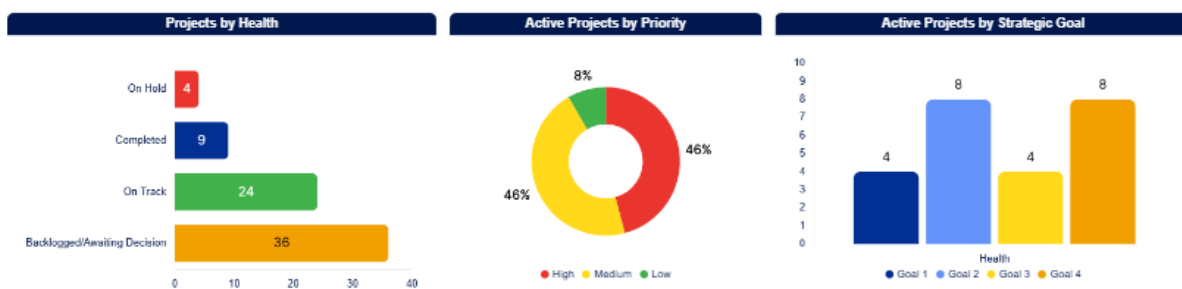
- Continued work on move to 80 Commercial including infrastructure improvements, document scanning project, and facilities preparation. Business continuity and security are priorities.
- HB282 implementation in PG.
- Onboarding of newly hired staff.
- Continued focus on security improvements including policies, plan and procedures.

IT Services Dashboards Performance metrics and project overview Feb 2026 - March 2026

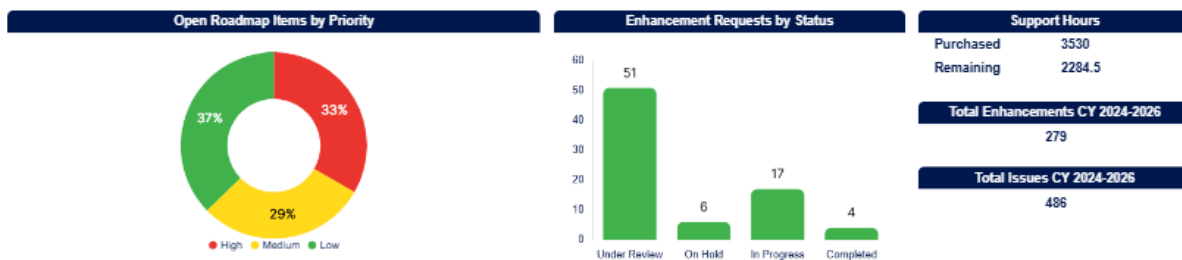
IT Service Management Dashboard



Project Management Dashboard



PG Roadmap Dashboard



Our Mission: To provide secure retirement benefits and superior service.

Department: Information Technology
 Executive Team Member: S. Gonzalez

Date: 3/31/26
 Approved: 7/25/25

FYs 26-28 Information Technology Strategic Plan Summary

ACTION	PRIME MOVER(S)	TARGET DATE	STATUS/COMMENTS	ALIGNMENT WITH NHRS STRATEGIC PLAN
1. Establish timeline for stability with full utilization of PGV3 as intended/described.	SG/NM/MM/LD	FY 26	<i>Completed</i>	Goal 1.
2. Return to “normal” operations.	SG/NM/MM/LD	FY 26	<i>Completed.</i>	Goal 1.
3. Effectively monitor and improve member and employer service levels.	SG/NM/MM/LD	FYs 25-26	<i>Ongoing.</i>	Goal 1.
4. Begin the development of a long-term plan for future service enhancements.	SG/NM/MM/LD	FYs 25-27	<i>Completed.</i>	Goal 1.
5. Investigate further integration of PIO and the Contact Center.	SG/JG/RF	FYs 25-26	<i>Goal altered. Contact Center successfully moved to Member Services.</i>	–
6. Identify AI platform to be used internally.	SG/JO	FY 26	<i>Ongoing.</i>	–
7. Provide a roadmap for a mobile application.	SG	FY 26	<i>Ongoing. Identifying options.</i>	–
8. Optimize the cloud infrastructure.	SG/JO	FYs 25-26	<i>Ongoing.</i>	–
9. Upgrade financial system application.	SG/MM/LD	FYs 25-26	<i>Postponed implementation to fall 2026.</i>	–
10. Integrate vendor and bank account verification services.	SG	FY 26	<i>Pushed back due to HB 282. ETA 12/2027</i>	–

11. Integrate communication interfaces for external systems – PG, BNY, Citizens.	SG	FY 26	<i>Implementation of Canoe, Citizens and BNY Completed.</i>	–
12. Develop an enterprise Structured Support System that incorporates Ticketing, Troubleshooting, Enhancement Requests, and change control.	SG/LD	FY 26	<i>Completed.</i>	–

Variables: Legislative changes, personnel changes/turnover, technology changes.

**New Hampshire Retirement System
Board Meeting
Consent Agenda
Tuesday, April 14, 2026**

I. Administrative Recommendation

1. K. Machado

Recommend that the Board of Trustees uphold the NHRS Staff's determination relative to the forfeiture of the state annuity portion of the Petitioner's retirement allowance for a period of 12 months.

II. Governance Committee

Recommends that the Board of Trustees approve the following:

1. Voluntary Correction Program Policy

Adopt proposed revisions.

2. Alternate Hearings Examiner

Designate those individuals, selected by Staff through a request for proposal process and with whom NHRS has contracted to provide alternate hearings examiner services, to serve as presiding officers in NHRS matters as assigned by the Executive Director, or designee.

III. Benefits Committee

Recommends that the Board of Trustees approve the following:

1. M. G.

Grant Accidental Death Benefits to decedent's spouse; and authorize Staff to offset the ordinary death benefits received against the retroactive accidental death benefits to be paid.

2. V. M.

Grant the decedent two additional days as an active member under RSA 100-A:4, III(a), and allow her beneficiaries to receive the ordinary death benefit.



April 14, 2026

Recommendation of the Hearings Examiner

In the Matter of Karen Machado

ISSUE: Whether the Board should uphold the NHRS staff's administrative decision that the Petitioner exceeded the maximum number of annual hours she was permitted to work in the 2022 calendar year as a retiree and, as a consequence, the state annuity portion of her retirement allowance is forfeited for 12 months.

PROCEDURAL BACKGROUND: In a letter dated September 28, 2023, the NHRS informed Karen Machado (Petitioner) that her employer, the Manchester School District (MSD or District), had reported that she worked a total of 1528 hours in 2022. [ex. 1] The September 28, 2023, letter further explained that she had exceeded the maximum number of hours she was permitted to work in a calendar year, and the penalty was the forfeiture of the state annuity portion of her retirement allowance for a period of 12 months. The Petitioner filed an appeal of the NHRS determination. [ex. 2] In her appeal, she argues that she did not exceed the maximum number of allowable hours because a portion of the hours being reported by MSD were actually for a separate entity, the Manchester Apprenticeship Program (MAP), that is not an NHRS participating employer.

A prehearing conference was held on November 28, 2023. Deadlines for discovery and the submission of exhibits prior to the hearing were set by prehearing order issued on November 30, 2023. After an agreed upon continuance, the final hearing was held on April 5, 2024. At both the prehearing conference and the final hearing, the Petitioner represented herself; Peter Foley, Esq., represented NHRS Staff; and the undersigned presided. At the final hearing, the following individuals testified: the Petitioner; Timothy Otis, Manchester School of Technology, Principal; Eric Frauwirth, Career and Technology Education Director Hudson School; Aurelian Ricardo, Manchester Apprenticeship

Program Plumbing Instructor; Lousie Boutin, Manchester Apprenticeship Program, Enrollment and Tuition Administrative Assistant; Jonathan Adams, Manchester Apprenticeship Program, Electrical Instructor; and NHRS Deputy Counsel and Compliance Officer Mark Cavanaugh.

At the conclusion of the hearing, the parties requested time to allow the Petitioner to submit additional evidence and for the parties to submit written arguments. Shortly thereafter, the Petitioner retained counsel, who requested an extension of the deadlines to allow her an opportunity to review the evidence and obtain the Petitioner's personnel file. Counsel for NHRS agreed to extending the deadline for the Petitioner to submit evidence and written arguments.

The Appellant (sic) Hearing Memorandum, with attachments, was received on June 14, 2024 [ex. 30]. Counsel for NHRS then requested additional time to submit NHRS Staff's response, and on 9/26/24, the NHRS Staff filed the NHRS Staff Post-Hearing Memorandum of Law. [ex. 42] The Petitioner filed Appellant's (sic) Reply Memorandum, with attachments, on October 7, 2024 [ex. 43], and on 10/22/24, NHRS Staff filed NHRS Staff's Response to Petitioner's Reply Memorandum. [ex. 46]

On October 24, 2024, the Petitioner filed a Motion to Stay the Proceedings. [ex. 47] She supported her request for a stay with an Internal Revenue Service (IRS) form that had been filed to determine her status as either an "employee" or "independent contractor" for the work she performed for the Manchester School District's Apprenticeship Program in 2022. Counsel for NHRS assented to the requested stay, agreeing that the IRS's determination on the issue would be relevant. On April 24, 2025, the Petitioner filed Petitioner's Status Update and Motion to Lift the Stay With Exhibits [ex. 48], explaining the IRS had declined to rule upon her request due to the existence of underlying state proceedings. Apparently, the IRS had misinterpreted these proceedings and declined to rule based on the assumption that these proceedings were a dispute between the primary

parties involved in the employment relationship. [ex. 48] Nevertheless, the IRS proceedings were moot, and the stay was lifted.

The undersigned scheduled a status conference for June 5, 2025, and asked the parties to review a pdf. of the exhibits compiled by the undersigned prior to the status conference. The intention was to reduce the voluminous number of exhibits to only those considered by the parties to be relevant and material at this point in the proceedings.¹ Counsel for the Petitioner responded with additional documents she sought to have included as exhibits. The parties agreed to the deletion of some previously submitted exhibits; however, the Petitioner reserved the right to file a motion regarding the exclusion of other exhibits the undersigned indicated a preference to omit. Counsel for the Petitioner agreed to submit a redacted personnel file after the status conference to substitute for the personnel file previously submitted.

On June 15, 2025, the Petitioner filed Petitioner’s Objection to Exclusion of Certain Documents from Consideration as Exhibits, seeking to have certain documents included in the record. [ex. 49] Counsel for NHRS filed NHRS Staff Response to “Petitioner’s Objection to Exclusion of Certain Documents from Consideration as Exhibits” on June 26, 2025. [ex. 50] The Petitioner then filed Petitioner’s Surreply to NHRS’ Staff Response to “Objection to the Exclusion of Certain Documents to the Exclusion of Certain Documents from Consideration as Exhibits” on June 27, 2025. [ex. 51] NHRS Staff did object to the inclusion of the Petitioner’s exhibits and the parties agreed to the exclusion of the City of Manchester Handbook. The record closed on July 7, 2025, and the attached exhibit list identifies all exhibits admitted and considered as part of the final decision.

Prior to the submission of this Recommendation to the Board for consideration, Staff learned a legislator was seeking a change to the forfeiture penalty, and the change may

¹ For context, the.pdf was 592 pages when the undersigned scheduled the status conference to obtain the parties agreement.

include pending appeals. Issuing a decision immediately prior to a change in the law would have been unfair to the Petitioner, as a result, the Recommendation was held. A bill addressing the penalty structure for retirees who exceed the annual hour limit was introduced in the House in this session; however, the House voted it inexpedient to legislate on March 11, 2026.²

FINDINGS OF FACT: The undersigned found all witnesses to be credible and earnest in relation to the testimony they provided; however, some of the witnesses lacked direct knowledge of the key facts and the Petitioner's view of the facts is understandably affected by the consequences of actions that were taken, and not taken, in 2022. The undersigned found persuasive the Petitioner's acceptance without objection of W-2s from MSD in 2021 and 2022 that included the income from her work for MAP; the lack of any documentation that MAP has been formed into a separate entity (no tax id number; no organization or governance board; no insurance); MSD's view of the program as a District program; MAP's acceptance of the tax cap on its salaries and raises; the Petitioner's use of MSD's forms when compiling personnel files for MAP employees in 2022; and a side-by-side comparison of the budgets from when the apprenticeship program was grant funded and after it became tuition-funded. [The Record]

The Petitioner began working for MSD in 2006 as principal at the Manchester School of Technology (MST), and she worked there until her retirement on June 30, 2021.

[Testimony of Petitioner; exs. 33 and 34] Beginning in or around August 2021 until November 2023, the Petitioner worked part-time, averaging 20 hours per week) for MSD as a Career Technical Education (CTE) consultant under the Perkins grant program.

[Testimony of Petitioner] The Petitioner acknowledges these hours as countable against the number of hours she was allowed to work for a participating employer, and asserts that

² Relative to exceeding part-time employment hourly limits for members of the New Hampshire retirement system, HB 1439, 2026 Session.

but for the hours she worked as director of MAP (the apprenticeship program), she would not have exceeded the 1352 hours limit. [ex. 30]

MAP is an adult education provider approved by the U.S. Department of Labor through its N.H. Office of Apprenticeship. [ex. 24; Testimony of Petitioner] MAP is located at the MST and it “provides [] technical (classroom) instruction in support of registered plumbing and electrical apprenticeship programs within the State of New Hampshire. . . .” [ex. 24] MAP’s classes are held in the evening, and the Petitioner, while serving as principal of MST, also served as the director of the Apprenticeship Program from 2010 through 2016. [Testimony of Petitioner; ex. 5] At that time, she was paid an additional hourly stipend over and above her salary as principal of MST. [Testimony of Petitioner; ex. 3] The only mention of the program in her MSD personnel file was in 2013. [ex. 33] The notation “Apprenticeship Salary Rate Increase for 2013-2014 School Year = \$43.00 per hour” is typed on a Personnel Information Sheet, dated August 8, 2013, and “Apprenticeship Salary Rate Increase for *Retroactive* for 2013-2014 School Year = \$43.00 per hour” is on a second Personnel Information Sheet, dated November 1, 2013. (Emphasis added.) [ex. 33] There is also a document showing the Apprenticeship Salary rates for 2013-14 and two emails dated November 1, 2013, discussing the salary of the assistant director. [ex. 33]

During the Petitioner’s initial period as director and until the end of the 2020/21 school year, the program was funded through grants received from the NH Department of Education (DOE). [Testimony of Petitioner; Testimony of Eric Frauwirth; ex. 34] The student-apprentice paid tuition to DOE to enroll in the program and the DOE awarded grants to local entities to provide the coursework. [ex. 26] “The local entities could be SAUs, CTE centers, Adult Education Centers, etc. The local entities were responsible for hiring the administrators and teachers, utilizing the provided grant money.” [ex 26]

Around the time the Petitioner was planning her retirement, she learned the Apprenticeship Program would be losing its grant funding. On March 16, 2021, she

requested a copy of the last Apprenticeship Program grant from an MSD grant writer. [ex. 7] She told the grant writer that she had “just learned that there will no longer be any grants to sustain the apprenticeship program.” [ex. 7] At some point, she learned that the State would be allowing local programs to collect tuition from the students/employers to run the own programs. [Testimony of Petitioner; Testimony of Mr. Frauwirth; ex. 16] The Petitioner and the Assistant Superintendent Forrest Ransdell discussed the loss of the grant funding and the tuition-based model for an apprenticeship program at MST. He asked her to submit a proposal to the District based on the new model with her serving as director. [ex. 16] The Board approved the request,³ and in August of 2021, the Petitioner began working as director for MAP. [ex. 15]

According to the Apprenticeship Grant 7/1/20 – 6/30/21, it was approved to cover the following expenses:

Director of Adult Education position:

17,354.90	.20 of the costs of a full-time employee for the district for overing Apprentice program, including salary, medical insurance costs, dental, employer Social Security and Medicare costs, workers’ compensation; long-term disability, life insurance, and retirement.
-----------	--

Indirect Cost

4,474.31	Transfer to general fund for indirect costs for office supplies, educational materials, technology, etc.
----------	--

Activities:

52,013.51	Books for apprentice students
6,000.00	Rental land and buildings
2,000.00	General supplies
1,626.87	Software upgrades
725.97	Technology for support staff office
500.00	Postage fees

Instructor Class and Professional Development Hours Salaries and Benefits

127,569.73	Instructors salaries including employer Social Security and Medicare costs, and workers’ compensation
------------	---

Support Staff Salaries and Benefits

24,819.59	Support staff salaries including employer Social Security and Medicare costs, and workers’ compensation
-----------	---

³ Based on the August 2022 MSD Committee on Finance and Facilities meeting minutes, the approval appears to have occurred in June of 2021; however, the minutes from the June 2021 meeting were not submitted as an exhibit.

Supervisor Salary and Benefits

22,677.00 Supervisor salary including employer Social Security and Medicare costs, and workers' compensation

[ex. 7]

On September 23, 2021, MSD's Chief Financial Officer Karen DeFrancis sent an email to the Petitioner, outlining her understanding of the program and its connection to MSD. She states the District's approval of MAP is "similar to how the Adult Ed and Drivers Ed programs were accounted for when those programs were active in the District." [ex. 13] She notes, "[s]ince it is a program of the District, the policies and procedures of the District need to be followed. . . . The salaries will also need to follow our policies/procedures. *The employees of the program are considered non-affiliated personnel*" [ex. 13 (Emphasis added.)] There is no evidence in the record that the Petitioner responded to this email to dispute any of the characterizations made in it.

The only significant procedural change after the grant ended was the handling of the tuition checks. When the grant was in place, the checks were mailed to the State. After the program became tuition based, the checks were deposited into an account that was labeled "Manchester School District Apprenticeship Program." [Testimony of Louise Boutin; ex. 22]

The Petitioner testified that she independently made the decision to increase her salary as program director, and the salary of Wanda Fratus, who she felt was significantly underpaid for the work she was doing. [Testimony of Petitioner; ex. 44] However, in the September 23, 2021 email, CFO DeFrancis informed the Petitioner that any change to Ms. Fratus' position to a higher level with a higher salary, i.e., Operations Administrator, would need to go through the "Policy Committee as a new position and then be posted, which Wanda can apply for." [ex. 11] There was no evidence presented on whether a new position was presented to and approved by the Policy Committee. Ms. Fratus' position in the 2022/23 budget is listed as Operations Administrator at a significantly higher wage. [ex. 15] The undersigned finds it is more likely than not the Policy Committee did approve the change

in position, and Ms. Fratus was hired into the new position at the higher pay. [exs. 13 and 15] At the end of the 2021 calendar year, the Petitioner received a W-2 from MSD that included income from her hours working with the MAP program. [ex. 2]

For the next academic year (2022/23), the Petitioner presented MAP to MSD's Committee on Finance and Facilities (Committee) on August 17, 2022. [ex. 15] She requested approval for assistance with the financial management of the tuition, requisitions and payroll. [ex. 15] According to the minutes, the Petitioner explained to the Committee that the Program was "completely independent of anything that the school district has, it is a state program and we house it but they (sic) are the fiscal agent. That's all it is. It could be held across the street and it would still be a state program. But because I always loved having that tie to the apprenticeship program at night, plus at least 60 businesses we work with and having that connection was very, very important. " [ex. 15]

The Committee recommended approving the Apprenticeship Adult Program and forwarding the item to the Board of School Committee for approval with the following justification:

The Manchester School of Technology has been the host location for the State of New Hampshire Apprenticeship Program for electrical and plumbing adult students for two decades. Retired MST Principal, Karen Machado, had been the Director of the Adult Education Program from 2005-2015, which included the Apprenticeship Program while working with the Manchester School District. There were no other administrators within the Manchester School District having had any experience with this program, so upon her retirement in June of 2021, Mrs. Machado came to this board to request to become the program administrator.

Until 2021, the Apprenticeship Program had grant funds available through application to the NH Department of Adult Education. The approximate grant amount was in the \$260,000 range, and would fund the cost of the administrative and teaching staff for approximately 250 adult learners. The program goal is to have all adult apprentices engage in their respective classroom program for 4 years with the ability to

pass the journeyman's exam and become certified as an electrical or plumbing journeyman.

This past year, 2021-2022, the State of NH no longer gave out grant funds for these programs. They allowed the programs to collect the tuition and operate independently within their own budgets. Apprentice students, or their employers paid the \$1,450 yearly tuition through their own funds. The tuition amount was set by the State of NH Apprentice division for all 6 state apprentice programs.

At this time I would like to report a successful year of working independently of state grants with a June 30th, 2022, balance of \$25,469.11. We are seeking to continue to run this program as last year using the location as the Manchester School of Technology with the same staffing model. See the attached budget for the 2022-23 school year.

FISCAL IMPLICATIONS:

The Manchester School District would need to agree to assist with the financial management of the tuition, requisitions and payroll. There would be no cost to the district. This is a great advantage to the community in enabling over 100 new plumbers and electricians to have the opportunity to further their education and become certified successful employees.

[ex. 15]

The attached 2022/23 budget reflected essentially the same breakdown used in the 2020/21 grant. [exs. 7 and 15] The salaries shown were wages plus benefits for the instructors, staff, and administrators. The only difference in the calculation of the salaries in the new budget is, with no full-time employees, the "benefits" were limited to the cost of the employer share of Social Security and Medicare (7.65%) and workers' compensation insurance (1.5%). [exs. 7 and 15] The same operational costs of postage, supplies, books for the apprentice students, and the rental of land and buildings in the 2022/23 budget were listed as in the 2021/22 grant. [exs. 7 and 15] The only significant difference was the 2021/22 grant included an additional transfer to MSD for "indirect costs" that does not appear in MAP's 2022/23 budget. [exs. 7 and 15] Finally, the Petitioner notes on the 2022/23 budget that the "wages of employees who are returning

again next year include a 1.87% increase, **as allowed by the Manchester School Board.**” [ex. 15 (Emphasis added.)]

On August 31, 2022, CFO DeFrancis informed the Petitioner that the City had approved a tax cap of 3.57%, which would result in an increase in \$8400 to her budget if the “grant” was able to afford it. [ex. 11] The Petitioner wrote back to explain MAP was not on a grant and asked if that meant she should increase salaries by 3.57% instead of the 1.87% she had planned. CFO DeFrancis informed her that if her budget could afford it, then the recommended increase for “non-affiliated employees” for the upcoming year was 3.57%. [ex. 11]

In September of 2022, the Petitioner signed separate “agreements” with herself, as Apprenticeship Director; Louise Boutin, Administrative Assistant; Jonathan Adams, Electrical Supervisor; Fredis Eugenia, Electrical Instructor; Ernest Jean, Plumbing Instructor; Alex Michaud, Electrical Instructor; Michael Shappell, Plumbing Instructor; David Sonia, Electrical Instructor. [exs. 36 and 37] The agreements showed the hourly salary, hours to be worked, class days and time, and included an at-will provision. There is no evidence that MSD or the School Board were either provided copies or informed of the agreements. The Petitioner maintained the personnel files for MAP employees, as part of which she completed a Personnel Information Sheet for each employee. [exs. 38 and 39] The Personnel Information Sheet is an MSD form. It shows the school as Manchester School of Technology; the subject and account charged both as the Apprenticeship Program. [exs. 38 and 39]

Throughout 2021 and 2022, the Petitioner submitted separate weekly time sheets for the two positions that reflected the hours she worked as a CTE consultant and as the director of MAP. [Testimony of Petitioner; ex. 14] The timesheets were approved by different individuals within the District,⁴ and there is no evidence that her hours working as the

⁴ On the timesheets submitted, Principal Otis approved her CTE consultant hours, and Amy Allen approved the Apprenticeship program hours. [ex. 14]

MAP director were ever verified. [Testimony of Petitioner] The Petitioner was paid bi-weekly in one paycheck for both positions. [ex. 14] MSD withheld federal income tax, Medicare and FICA from the income of both positions, and the income was reported to the IRS under MSD's IRS employer identification number. [ex. 14] At the end of the 2021 and 2022 tax years, the Petitioner received W-2 forms from MSD based on the combined compensation for both part-time positions.⁵ [ex. 2] The Petitioner was covered by MSD's workers' compensation insurance. [ex. 2] There is no evidence that MAP carried liability insurance in 2021 or 2022. There is no evidence that MAP had an IRS employer identification number in 2021 or 2022.

On February 6, 2023, MSD employee Lisa Foote informed the Petitioner that she had exceeded the NHRS limit of 1352 hours for 2022 and MSD would be notifying NHRS. [ex. 13] The Petitioner responded, "I thought the district limit of 30 hours per week accounted for their limit?" Ms. Foote, then told her, "It does, but it looks like you submitted hours for school vacation weeks, which is not what we would normally account for as returning teachers would not work those weeks." [ex. 13]

On September 13, 2023, the Petitioner again presented MAP to the Committee for approval for the 2023/24 academic year. [ex. 17] The background section is significantly shorter, but does include the following description of the program:

The Manchester School of Technology has been the host location for the State of New Hampshire Apprenticeship Program for electrical and plumbing adult students for three decades. Retired MST Principal, Karen Machado, had been the Director of the Adult Education Program from 2005-2015, and returned post-retirement to direct the Manchester Apprentice Program.

The Manchester Apprentice Program is an adult state-approved program for licensure for electrical, plumbing and now gas. Previous to 2021, the state (sic) of New Hampshire allowed grant funding to assist with the expenses. The

⁵ According to Eric Frauwirth, the former DOE Administrator for Bureau of Career Development, other programs elected to set up different models after the grant program ended. For example, the Hudson School District treats their apprenticeship teachers as independent contractors and issues them 1099 Forms. [ex. 26]

program is now independently operating on a tuition only basis. I have been fiscally responsible for all costs associated with the program and have been able to attain a \$35,000 positive balance in the past two years. Please see the attached budget to the 2023-2024 instructional year.

....

FISCAL IMPACT:

There is no fiscal impact to the Manchester School District. The school district is the fiscal agent for the program. The Manchester School of Technology is compensated for use and supply costs at the rate of \$800 per month.

[ex. 17]

Again, the 2023/24 budget attached for the Committee reflected essentially the same categories used in the 2020/21 grant. [exs. 7 and 17] The salaries shown were wages plus benefits (employer share of Social Security and Medicare, and workers' compensation insurance) for the instructors, staff and administrators, and the same operational costs for postage, supplies, books, and the rental of land and buildings were identified in the budget. [exs. 7 and 17] Again, there were no costs attributable to MAP being a separate entity, e.g., liability insurance.

On September 28, 2023, NHRS notified the Petitioner in writing that her part-time hours had exceeded the maximum number of hours for calendar year 2022, and, as a result, pursuant to RSA 100-A:7, II, the state annuity portion of her retirement allowance would be forfeited for twelve months. [ex. 1] The Petitioner objected to the forfeiture in early October 2023, and provided additional documentation of her work for MSD. On October 30, 2023, at NHRS staff's request, the Petitioner emailed a formal appeal request. [ex. 2] These proceedings followed.

PARTIES' ARGUMENTS:⁶ The Petitioner argues that she did not exceed the maximum number of part-time hours in 2022 because her work for MAP should not be counted

⁶ The parties' written arguments contained numerous factual disputes that were considered in the preparation of the Findings of Fact section *supra*. They will not be addressed in this section of the Recommendation.

because MAP is not an NHRS participating employer. [ex. 30] She asserts that at least 390.5 of the hours reported by MSD were hours she worked for MAP, and it is an “independently-managed, not-for-profit, adult education program.” [ex. 30] She argues the program’s relationship to MSD is limited to MSD being its fiscal agent and landlord. She concedes that MSD’s School Board has approved the “business and contractual relationship;” but she states it does so for all its contractors. [ex. 30] In the alternative, she argues she should be considered an independent contractor and not an employee of either MSD or MAP. Under common law standards of employment, she asserts she was not employed by MSD for work as director of MAP. She maintains she was not supervised by MSD; they did not have the authority to hire/fire her; MSD’s “regular business” is not educating adults; the work she did was not for the benefit of MSD; and MSD did not provide any financial support to the program. Finally, the Petitioner argues that MAP consistently held itself out as a separate entity that was “located” at MST with MSD serving as its fiscal agent.

NHRS Staff argue the forfeiture letter should be upheld because the Petitioner is a retiree who worked more than 1352 hours for a participating employer in calendar year 2022. [ex. 42] Although, NHRS Staff agree that the relationship between MSD and the Apprenticeship Program *could* have changed after the grant program ended, they argue the evidence in the record supports a finding that the relationship did not change. Staff point to the CFO DeFrancis’ description of MAP as a “program of the District,” and her noting that the employees would be considered “non-affiliated” personnel whose salaries would be subject to School Board approval as well as the City of Manchester’s tax cap. [ex. 42] Further, Staff note that MSD continued to pay individuals at MAP as MSD employees, issuing each a W-2 at the end of each tax year. NHRS Staff assert there is no agreement between MSD and MAP limiting the relationship to that of only a fiscal agent, and there are no organizational documents for MAP forming it as a legal entity.

The Petitioner counters that MSD clearly recognized the limitation of its relationship with MAP. For example, its Board action items provided that MSD would assist the

Program “with the financial management of tuition, requisitions, and payroll.” [ex. 43] She also disputes the label “non-affiliated” as establishing she was employed by MSD. She argues she was not offered, explained, or provided any of the benefits (i.e., vacation time, FMLA, etc.) of a non-affiliated employee, so how could she, or any of the other MAP employees, be considered to have been one. Finally, she argues MSD’s failure to provide and/or explain benefits to MAP’s employees would be a violation of N.H. Admin. R. Lab 803.03 and 802.08, and evidence that MSD does not consider them employees.

ANALYSIS: RSA 100-A:7, II mandates the forfeiture of the state annuity portion of a retiree’s allowance if the retiree works more than the maximum number of permitted hours for one or more NHRS participating employers in a calendar year. The maximum number of hours the Petitioner is allowed to work in a calendar year is 1352 hours.⁷ (See RSA 100:A:1, XXXIV)

The New Hampshire Supreme Court has said “[t]he board may only act in accord with its enabling statute, RSA chapter 100-A,” *Petition of Barney* 142 N.H. 798, 801 (1998). Furthermore, the rules of statutory construction are clear that when the legislature uses the word “shall” as opposed to “may,” the legislature has not granted any discretion in the application of the statute. *Appeal of Rowan*, 142 N.H. 67, 71 (1997). Consequently, the Board of Trustees does not have the authority to waive the forfeiture of the state portion of the Petitioner’s annuity, unless it finds she did not exceed the maximum number of permitted hours.

- I. The Petitioner exceeded the maximum number of permitted hours in calendar year 2022 working for the Manchester School District.**
 - A. MAP is not a separate entity, and the hours Petitioner worked for MAP were properly included by MSD in the total number of hours she worked in 2022.**

⁷ There is a higher maximum for retirees who were retired and working on the effective date of the act (1/1/19), so long as the retiree remains working in the same position. (Laws of 2018, chapter 293)

MSD has at all times acted as the entity in control of MAP. After the program transitioned to the tuition-based model, MSD accepted MAP as a “program of the District” to which the “policies and procedures of the District” would apply. [ex. 21] CFO DeFrancis made it clear that program’s salaries would need to follow the District’s policies and “employees of the program are considered non-affiliated personnel. . . .” [ex. 11] She noted that this entitled them to a raise in accordance with the board approved raise for non-affiliated personnel. MSD’s Board annually approves the program, reviews the budget, and accepts responsibility for the financial management of the program. MSD treats the instructors, administrators, and staff of the program as employees of MSD: issues bi-weekly paychecks with federal withholding, and W-2s at the end of each year.

The Petitioner relies on *Parker v. Summers Cty. Bd. Of Education*, 185 W.Va. 313 (1991), and *Bushard v. Indep. Sch. Dist.* 2001 Minn. App. Lexis 62 (2001), to argue that individuals are not necessarily employees of the fiscal agent, and they may be entitled to rights and benefits of employment from the underlying programs for which they work. Neither case is dispositive in the present matter. In *Bushard*, the Court found that the Plaintiff had raised a genuine issue of material fact regarding whether the fiscal agent was her employer, the Court did not determine that the fiscal agent was not in fact her employer. Similarly, the undersigned is not persuaded by the reasoning in *Parker*. The appellant in *Parker* was seeking a back award of sixty days sick leave from a fiscal agent for time worked for a program based on information that another individual had been awarded the time. In that case, the fiscal agent had no intention of creating an employer/employee relationship with the appellant at the time she worked for the programs. In the present matter, MSD clearly intended to create an employer/employee relationship with the Petitioner.

Finally, the Petitioner has failed to provide an alternative to MSD, if it is not her employer. She has not suggested any individual, other than herself, who would be considered “running” MAP. There is no evidence of any governance structure, no tax filings, and no one overseeing the program. The only other alternative raised during the hearing and in the

exhibits is that it is a “State program,” but no individuals in the State have ever identified as having oversight over the program. [ex. 15-17] Moreover, according to Mr. Frauwirth, when “. . . the grant program ended, [] **full control** of the program was given to the local entities.” [ex. 26 (Emphasis added.)] In the case of MAP, a reasonable inference from the evidence presented would be the “local entity” to which full control of the program was given is MSD.

C. Under the common law standard for “employee/employer” Petitioner was an employee, and not an independent contractor.

The Petitioner also argues that her hours working for MAP should not be counted because her relationship with MAP and/or MSD should be classified as an independent contractor under the common law standards of employee/employer. She cites *Petition of City Cab of Manchester, Inc.*,⁸ for the “common law” test for employment, and she maintains that under that test the evidence shows “almost none of these things occurred in her post-retirement relationship with the District.”⁹ NHRS Staff is not persuaded the issue is relevant, however, to the extent it is, they assert the test found in § 220 of the Restatement (Second) of Agency is the applicable test. The test cited by the Petitioner from the *City Cab of Manchester* is from an appeal of a workers’ compensation case, and it relies on a Department of Labor workers’ compensation rule for its “employee-employer relationship” test.¹⁰ While the opinion does say the “test is essentially the same as the Restatement (Second) of Agency § 220, at 485-86 (1958),” the language used is different and the undersigned finds the Restatement test to be applicable in the present matter.

To determine the employment status of an individual, the New Hampshire Supreme Court has routinely relied on the factors contained in § 220 of the Restatement (Second) of

⁸ 139 NH. 220 (1994)

⁹ Ex 30 (Emphasis in original)

¹⁰ *Id.* at 221.

Agency (Restatement), considering the “totality of the circumstances.”¹¹ According to the Court in *Burnham v. Downing*, “[n]umerous factors are considered, with the presence of absence of one or more factors not necessarily conclusive as to the existence of an employee versus an independent contractor relationship.”¹²

Subsection (2) of § 220 of the Restatement lists the following factors for consideration in determining whether an individual is an employee or acting as an independent contractor:

- 1) The extent of control which, by the agreement, the master may exercise over the details of the work.

The Restatement explains in comment d of § 220 that “control” includes the “right to control,” and such control may be “very attenuated,” depending on the type of work being performed. It provides that there are circumstances in which an employer may be expected to have no “control” over the details of an employees’ work, but the relationship remains one of an employer/employee, e.g., full-time cook.

The Petitioner argues MSD has no control over the details of her work, and it has little to no knowledge of her work in the program, nor of the program generally. [ex. 30]¹³ Instead, she maintains MAP is “overseen and beholden to state and federal guidance and regulation.” She argues she alone has the authority to hire, fire, demote, and discipline employees, and she has the authority to eliminate positions that MAP is not able to financially support. She asserts that no one in MSD has supervisory authority over her, and she is not required to report to anyone on the day-to-day operations of the program.

¹¹ *Merchants Insurance Group v. Warchol*, 132 N.H. 23, 27 (1989) (upholding trial court determination that had based on the “totality of the circumstances.”). *See also*, *Burham v. Downing*, 125 N.H. 293, 295 (1984) (“court employs a ‘totality of the circumstances’ test” quoting *Hamel Real Estate, Inc. v. Shepherd*, 121 N.H. 733 (1981)); *Hamel Real Estate, Inc.*, 121 N.H. at 735 (upholding use of “totality of the circumstances’ test” for determining whether individual was an employee or independent contractor) and *Walker v. DiPrizio & Sons*, 115 N.H. 652, 654 (1975) (discussion of “totality of the circumstances test” citing Restatement § 220).

¹² 125 N.H. at 295-296. *Accord* *Petition of City Cab of Manchester, Inc.*, 139 N.H. 220, 221 (1994) (“Under this standard, the determination of whether an employee-employer relationship exists depends on the facts of the case.”)

¹³ Recitation of an assertion made by either party in this section is not acceptance of the allegation as fact. The factual findings in the Recommendation are limited to those made in the Findings of Fact section *supra*.

NHRS Staff argue the Petitioner was in fact offered the director position by School District Assistant, and the apprenticeship program was approved as a program of MSD by the Board. [ex. 42] NHRS Staff highlight that CFO DeFrancis made it clear MAP was expected to follow District policies and procedures; program personnel were considered non-affiliated employees; new positions had to be approved by the Policy Committee and publicly posted for non-program applicants; salaries of MAP personnel, including Petitioner, were limited by the City of Manchester's tax cap; the Petitioner was required to submit weekly timesheets; and the Petitioner submitted annual informational reports to the School Board as well as an annual budget for the Board's consideration and approval. Though the control is attenuated, the undersigned is persuaded MSD has some control over key aspects of MAP while it remains located within the District. MAP is required to receive annual approval from the School Board, and its salaries are subject to limitation by the tax cap. In terms of the Petitioner, however, after she was appointed to fill the role of Director, there is no evidence that she is supervised and/or that her work is evaluated by anyone from MSD. She submits timesheets, but there is no evidence that anyone at MSD has the authority to reject the hours she submits. While the program is a District program, the undersigned is not persuaded that MSD has any control over the details of the Petitioner's work. This factor favors the Petitioner.

- 2) Whether or not the one employed is engaged in a distinct occupation or business.

The role of director of a program is not a distinct occupation or business.

- 3) The kind of occupation, with reference to whether, in the locality, the work is usually done under the direction of the employer or by a specialist without supervision.

According to *comment i* of § 220, "[t]he custom of the community as to the control ordinarily exercised in a particular occupation is of importance." The role of director of

a program is more likely to be performed under supervision of an employer than it is to be performed without any supervision.

The Petitioner was required to follow District policies, and she testified she was required to follow federal regulations. She reported to the School Board on an annual basis, and individuals who are dissatisfied with the program would be likely to complain to MSD. This factor favors the Petitioner being an employee.

- 4) The skill required in the particular occupation.

Comment i of § 220, provides the following guidance regarding skill: Unskilled labor is usually performed by those customarily regarded as servants, . . . Even where skill is required, if the occupation is one which ordinarily is considered . . . an incident of the business establishment of the employer, there is an inference that the actor is a servant.

The District hired the Petitioner based on her experience running the apprenticeship program, based on *comment i*, the skill level of the Petitioner's position could allow for independent contractor status; however, because the services she provides as a director are an incident of the provision of the apprenticeship program, the inference is that she is an employee.

- 5) Whether the employer or the workman supplies the instrumentalities, tools, and the place of work for the person doing the work.

The Restatement notes that this factor is often of limited value in regards to white-collar workers whose most significant tool is knowledge based on education and experience.

- 6) The length of time for which the person is employed; and
- 7) The method of payment, whether by the time or by the job.

Comment j of the Restatement addresses these factors together, noting that: The time of employment and method of payment are important. If the time of employment is short, the worker is less apt to subject himself to

control as to details and the job is more likely to be considered his job than the job of the one employing him. This is especially true if payment is to be made by the job and not by the hour.

The Petitioner initially served as director of the apprenticeship program from 2010 to 2016, and she has been serving in her current position since 2021. The Petitioner is paid an hourly wage. Both the length of the position and the method of payment favor her being an employee.

- 8) Whether or not the parties believe they are creating the relation of master and servant.

The Petitioner argues that MSD does not treat her, or any other MAP employee, as non-affiliated employees. She asserts MSD's failure to provide a letter identifying the rate she will accrue vacation benefits, and to provide education to her and other MAP employees of their right to workers' compensation benefits, FMLA leave, and/or pregnancy disability leave under RSA 354-A shows MSD does not believe they have created an employment relationship with MAP employees. Moreover, the limited language the Board uses each year relative to the program – to assist the program with the financial management of tuition, requisitions, and payroll – shows it is only agreeing to be the program's fiscal agent.

NHRS Staff argue that the District was the employer of the program's staff. First, they state that the Petitioner's position as Director had to be approved by the School Board in June of 2021. They also point to the September 23, 2021 email from CFO DeFrancis to the Petitioner which states that MAP employees, including the Petitioner, are non-affiliated personnel whose salaries will need to follow District policies and are subject to the tax cap of the City of Manchester. NHRS Staff also note that Petitioner was required to submit weekly time sheets that were approved by Amy Allen and later by Assistant Superintendent Ransdell. NHRS Staff assert that the Petitioner is paid biweekly with one check encompassing pay for both MSD positions and subject to the same federal

withholdings. Further, the Petitioner received a W-2 at the end of the year reflecting the combined income of the two positions.

The undersigned is persuaded that the District intended for MAP to be a District program. It approved the appointment of Petitioner as Director, and the September 2021 email from CFO DeFrancis identifies MAP personnel as non-affiliated employees. The District limited MAP employee pay raises to the tax cap and required any promotions/new positions to follow District policy. The District issued bi-weekly paychecks to MAP employees, withholding federal income tax and Medicare, and W-2s at the end of the year. Finally, the undersigned is not persuaded that MSD's failure to explain benefits to part-time employees sufficient to find that they were not employees. This factor favors the Petitioner being an employee.

- 9) Whether or not the work is a part of the regular business of the employer;
and
- 10) Whether the principal is or is not in business.

The Petitioner argues that the District's regular business is limited to the education of children grades K-12. NHRS Staff view the District's role more broadly and point out that the District ran adult education programs in the past, including the apprenticeship program. The District is in the business of educating, and MAP's primary purpose is education regardless of the age of the individual. These factors favor the Petitioner being an employee.

Totality of the circumstances: The majority of the factors favor the Petitioner being an employee; however, the one factor that favors the Petitioner being an independent contractor is control over the details of work. MSD did not exercise any control over the Petitioner in her role as director of MAP. There were no evaluations, and the School Board's annual reviews of her program were limited to perfunctory questions following short presentations.

However, as important as control may be, the undersigned is unable to find it is sufficient to overcome all the other factors combined. MSD's School Board approved the program in 2021 when its model changed from grant to tuition based. The Board approved the Petitioner to be its director and annually re-approved the program, including its budget. MSD Staff informed the Petitioner that the program it would have to follow District policies and procedures. The Petitioner accepted the tax-cap restriction to salary increases for MAP employees, and she did not object to her pay being as an employee either when she received her bi-weekly paychecks beginning in 2021, or when she received the W-2s at the end of each year. Considering all the factors, the undersigned is persuaded the Petitioner's role as director at MAP was an employee of MSD, and, as a result, her hours working counted as part of the total number of hours worked in 2022.

CONCLUSION: The Hearings Examiner recommends the Board uphold the NHRS staff's administrative decision finding the Petitioner exceeded the maximum number of annual hours she was permitted to work in the 2022 calendar year, and, as a result, the mandatory forfeiture of the state annuity portion of her retirement allowance for 12 months must be imposed.



Diana L. Crichton, Esq.
Hearings Examiner

April 14, 2026
Recommendation of the Hearings Examiner
In the Matter of Karen Machado
Exhibit List

1. NHRS Forfeiture Letter, dated 9/28/23
2. Emails between Petitioner and Attorney Cavanaugh, dated 10/5/23 – 10/6/23, 10/30/23
3. Emails between NHRS/Manchester School District (MSD), dated 7/18/23 – 10/18/23
4. Petitioner’s NHRS Member File
5. Manchester Apprenticeship Program letter to community businesses, dated 6/28/23
6. Emails between Petitioner and various MSD employees, dated 3/16/21 – 7/23/21
7. Emails between Petitioner and MSD, dated 3/16/21 – 7/23/21 with attachment
8. Manchester Adult Education information
9. Email from MSD to Petitioner, dated 7/16/23
10. Site not found page, undated
11. Email between Petitioner and CFO DeFrancis, dated 9/23/21 and 8/31/22
12. Emails between Petitioner and MSD, dated 8/13/21-9/22/21
13. Emails between Petitioner and MSD, dated 11/14/23
14. Timesheets and paystubs for Petitioner
15. MSD Committee on Finance & Facilities, 8/10/22 Mtg. Recommendation
16. MSD Committee on Finance & Facilities 8/17/22 Mtg. Agenda & Mtg. Minutes
17. MSD Comm. on Finance & Facilities 9/13/23 Mtg. Recommendation & Mtg. Minutes
18. MSD emails, dated 9/13/21 – 8/31/22
19. Documentation rental of classroom space
20. Emails to/fr Petitioner to MCC & Pinkerton re rental space, dated 4/11/23 and 12/19/23
21. Email from Kelsey Prince, MSD, dated 12/12/23
22. MSD Apprenticeship Program deposit ticket
23. Examples of monthly budget sheets, dated 9/13/22 - 2/8/24
24. Letter from Wynn Young, dated 2/2/24, and email with attachment, dated 8/25/23
25. Information from NH Office of Professional Licensure & Certification
26. Letter from Dr. Frauwirth, dated 3/7/24
27. NH School of Trades Course Catalog
28. Resignation letter from Petitioner, dated 11/1/23
29. Letter from MSD to Petitioner, dated 11/3/23
30. Appellant (sic) Hearing Memorandum, dated 6/14/24
31. NEA Foundation, Fiscal Agent Guidance, printed 6/12/24
32. MSD Special Revenue Funds, dated 6/30/21

April 14, 2026

In the Matter of Karen Machado

Exhibit List - Continued

33. Petitioner's MSD Personnel file, redacted (186 pages)
34. Affidavit of Petitioner, dated 6/13/24
35. Manchester Apprenticeship Programs Employers
36. Manchester Apprenticeship Program agreement with Petitioner, dated 9/13/22
37. Manchester Apprenticeship Program agreements with other individuals, dated 9/13/22
38. MSD Personnel Information Sheet with Petitioner, dated 9/13/22
39. MSD Personnel Information Sheets with other individuals, dated 9/13/22
40. Employee list for Manchester Apprenticeship Program with salaries
41. Declaration of Megan Douglass, Esq., dated 6/14/24
42. NHRS Staff Post-Hearing Memorandum of Law, dated 9/26/24
43. Appellant's (sic) Reply Memorandum, dated 10/7/24
44. Attachment 1: Affidavit of Petitioner, dated 9/27/24
45. Manchester School District Employee Handbook, issued 8/31/18
46. NHRS Staff's Response to Petitioner's Reply Memorandum, dated 10/22/24
47. Assented Motion to Stay Appeal Decision, dated 10/24/24
48. Petitioner's Status Update and Motion To Lift Stay with Exhibits, dated 4/24/25
49. Petitioner's Objection to Exclusion of Certain Documents from Consideration as Exhibits, dated 6/15/25
50. NHRS Staff Response to "Petitioner's Objection to Exclusion of Certain Documents from Consideration as Exhibits," dated 6/26/25
51. Petitioner' Surreply NHRS Staff Response to "Petitioner's Objection to Exclusion of Certain Documents from Consideration as Exhibits," dated 6/26/25



New Hampshire Retirement System
54 Regional Drive, Concord, NH 03301
Phone: (603) 410-3500 - Fax: (603) 410-3501
Website: www.nhrs.org - Email: info@nhrs.org

FIRST CLASS AND CERTIFIED MAIL

September 28, 2023

MS. KAREN MACHADO
56 LAKE SHORE DRIVE 01826
DRAUCT, MA

Re: Review of Annual Retiree Work Hours

Dear Ms. Machado:

The New Hampshire Retirement System has reviewed the part-time hours you worked during the 2022 calendar year that were reported as being 1,528 by the Manchester School District. The maximum annual hours you are permitted to work without incurring a penalty is 1,352. Therefore, your work hours were in excess of the maximum permitted hours. Consequently, per RSA 100-A:7, II, you are subject to a forfeiture of the state annuity portion of your retirement allowance, and any allocable cost of living adjustments, for twelve (12) months. The monthly amount of the forfeiture is \$1,540.62.

If you wish to appeal this administrative decision, you may request a hearing within 45 days pursuant to NH Code of Administrative Rules Ret 200, located on the internet at http://www.gencourt.state.nh.us/rules/state_agencies/ret100-500.html. The forfeiture will be held in abeyance pending the outcome in any administrative appeal. If you do not appeal, the forfeiture will commence with the November 2023 annuity payment and cease with the October 2024 annuity payment.

If you believe the reported hours are in error or have any questions, please contact me directly at the information below.

Sincerely,

A handwritten signature in black ink that reads "Mark F. Cavanaugh, Esq." in a cursive script.

Mark F. Cavanaugh, Esq.
Associate Counsel and Compliance Officer
603-410-3592
mark.cavanaugh@nhrs.org

Cc: Lisa Foote
Payroll Supervisor
Manchester School District
20 Hecker St. Manchester, NH 03102

From: [Karen Machado](#)
To: [Cavanaugh, Mark](#)
Subject: Re: Working After Retirement
Date: Friday, October 6, 2023 8:36:56 AM

Hi Mark, I have decided to send along the most pertinent docs through email so you can begin to get the picture of how my employment through the Manchester School District and as a state approved adult apprentice education provider. I am including the examples of the timesheets, both physical and electronic are set up, paystubs separating out my 2 positions with different salaries and no retirement taken out as a benefit for myself or any of the hired program employees approved for the apprentice program. Please let me know if you have any questions. I will mail a complete package today. Thank you!

Fwd: Apprenticeship Grant
message

Karen Hannigan Machado <khanniganmachado@mansd.org>
To: Karen Machado <karenhmachado@gmail.com>

Wed,

----- Forwarded message -----

From: Jill Uchiyama <juchiyama@mansd.org>
Date: Tue, Mar 16, 2021 at 10:52 AM
Subject: Re: Apprenticeship Grant
To: Karen Hannigan Machado <khanniganmachado@mansd.org>

Karen,
We are meeting this afternoon to discuss some changes to this grant. Some of the staff in the grant never worked this year, and there are others who are on payroll but not in the grant. I can send you those changes if you would like after the meeting. Until then, this is how the grant stands. Hope this helps. Jill

PROJECT NO: 20210817
PROJECT STATUS: Approved on 10/14/2020 8:58 AM by Diane Lewis

[Edit this grant application...](#) [Attachments \(8\)](#) [Take Snapshot](#) [Reporting](#) [Status History](#) [Contacts](#)

ALLOCATION AMOUNT:

Apprenticeship \$260,819.77

BUDGETED AMOUNTS:

Apprenticeship \$259,761.88

AMOUNTS PAID:

Apprenticeship \$179,528.93

INDIRECT COSTS:

TARGET ALLOCATION:	\$260,819.77
INDIRECT COST RATE:	1.80 %
MAX ALLOWED INDIRECT COSTS:	\$4,611.74
CURRENT ALLOWED INDIRECT COSTS:	\$1,057.89
CURRENT BUDGETED INDIRECT COSTS:	\$0.00

IDENTIFYING INFORMATION:

	CFDA #:	Start Date:	End Date:
Apprenticeship	RSA 278	7/1/2020	6/30/2021

Agency Responsible for Programmatic and Fiscal Administration:

Agency Name: Manchester

Agency Address: 20 Hecker Street
Manchester, NH 03102-9999

Mailing Address: _____

Project Manager: Sherri Nichols Phone No: (603) 624-6300 Ext: 1160

Title: Executive Director of Teaching and Learning

Fax: 603-624-6337 E-mail: snichols@mansd.org Notify:

Fiscal Contact: Karen DeFrancis Phone No: 603-624-6300

Title: Business Administrator

Fax: _____ E-mail: kdefrancis@mansd.org Notify:

Contact Person (if different): Jill Uchiyama Phone No: 508-728-9523

In the Matter of Karen Machado

Activities Entered: 6

Sort Activities By: [Activity ID](#) [Update Date](#) [Category](#) [Priority](#)

ACTIVITY ID: 96892 LAST UPDATED: 10/13/2020 10:32:47 AM
FIRST APPROVED: 10/14/2020 8:58 AM

CATEGORY:

N/A

PRIORITY:

Director of Adult Education position

ACTIVITIES:

The Director of Adult Education, Tim Dow, will be responsible for overseeing the Apprenticeship program. He will be paid .20 FTE. Total Amt: \$17,354.90

- (110) Salaries \$11,231.00
- (211) Med \$3611.97
- (212) Dental \$173.63
- (220) FICA \$859.17
- (260) workman's comp \$168.47
- (214) LTD 46.05
- (213) Life Insurance \$10.11
- (231) Retirement \$1254.50

PERFORMANCE MEASUREMENT:

OUTCOME:

Function Code	Object Code	Focus	APPRENTICE
1600 - Adult/Continuing Education Programs	231 - State Retirement - Non Teachers	0 - None	\$1,254.50
1600 - Adult/Continuing Education Programs	110 - Salaries - Regular Employees	0 - None	\$11,231.00
1600 - Adult/Continuing Education Programs	211 - Health Insurance	0 - None	\$3,611.97
1600 - Adult/Continuing Education Programs	212 - Dental Insurance	0 - None	\$173.63
1600 - Adult/Continuing Education Programs	220 - Social Security Contributions	0 - None	\$859.17
1600 - Adult/Continuing Education Programs	213 - Life Insurance	0 - None	\$10.11
1600 - Adult/Continuing Education Programs	214 - Disability Insurance	0 - None	\$46.05
1600 - Adult/Continuing Education Programs	260 - Workers' Compensation	0 - None	\$168.47
Totals:			\$17,354.90

ACTIVITY ID: 96636 LAST UPDATED: 10/1/2020 12:16:50 PM
FIRST APPROVED: 10/14/2020 8:58 AM

CATEGORY:

N/A

PRIORITY:

Indirect Cost

ACTIVITIES:

(930) Fund Transfers: Indirect Cost \$4474.31

PERFORMANCE MEASUREMENT:

OUTCOME:

Function Code	Object Code	Focus	APPRENTICE
5210 - Transfer to the General Fund	930 - Fund Transfers	0 - None	\$4,474.31
Totals:			\$4,474.31

ACTIVITY ID: 93772 LAST UPDATED: 10/2/2020 10:20:16 AM
FIRST APPROVED: 8/18/2020 10:51 AM

CATEGORY:

N/A

PRIORITY:

The Apprenticeship Program needs to be supported with costs for office supplies, educational materials, technology, and postage, in order to communicate with our staff and students. We also need to keep in contact with employers. The program requires technology for record keeping, communication, letters, and recording attendance and grades into the NH Department of Education Apprenticeship Database. We need to purchase required technology—one desktop computer for the administrative assistant and required programs installed. Upgrade of Microsoft Office 2007 for all instructors and staff laptops. The

In the Matter of Karen Machado

computer and printer that were being used in the front office have been changed out and we do not have access/permission to use this computer. We also need to renew our license for software that the instructors use for students' curriculum.

ACTIVITIES:

P1- 25 students @ \$127.98= \$3199.50
 P2- 25 students @ \$298.39 = \$7459.75
 P3- 15 students @ \$225.39 = \$3380.85
 P4- 27 students @ \$303.94 = \$8206.38

Total Plumbing Books \$22,246.48
 Shipping from quotes = \$727.40
 Total Plumbing Books and shipping- \$22,973.88

Electrical(Holt Series)
 E1-45 Students @ \$245.00=\$ 11,025.00
 E2-45 Students @ \$85.00=\$3825.00
 E3 -35 Students @ \$190.00 =\$6,650.00
 E4-38 Students @ \$150.00 =\$ 5700.00

Total Electrical Books- \$27,200.00
 Shipping from Quotes- \$1,839.63

TOTAL ELECTRICAL BOOKS PLUS SHIPPING= \$29,039.63

ACTIVITIES:

1600 534 - Postage Fees \$500
 1600 610 - General Supplies \$2000
 1600 641 - Books for apprentice students: total for all programs and all students \$52,013.51
 1600 734 - Technology for Support Staff Office - \$725.97
 1600 650- Software Upgrades - \$1,626.87
 1600 441- Rental Land and Buildings \$6,000.00

TOTAL All BOOKS AND SUPPLIES = \$62,866.35

PERFORMANCE MEASUREMENT:

OUTCOME:

Function Code	Object Code	Focus	APPRENTICE
1600 - Adult/Continuing Education Programs	534 - Postage Fees	0 - None	\$500.00
1600 - Adult/Continuing Education Programs	610 - General Supplies	0 - None	\$2,000.00
1600 - Adult/Continuing Education Programs	641 - Books and Other Printed Media	0 - None	\$52,013.51
1600 - Adult/Continuing Education Programs	734 - New Computers and Communications Equipment	0 - None	\$725.97
1600 - Adult/Continuing Education Programs	650 - Software	0 - None	\$1,626.87
1600 - Adult/Continuing Education Programs	441 - Rental Land and Buildings	0 - None	\$6,000.00
Totals:			\$62,866.35

ACTIVITY ID: 93771 LAST UPDATED: 10/1/2020 11:53:42 AM
 FIRST APPROVED: 8/18/2020 10:51 AM

CATEGORY:

N/A

PRIORITY:

Classes, taught by licensed electricians and plumbers, are held two evenings a week for 3 hours each evening. The classes are textbook- based to reinforce what the apprentices are learning in the field during the day. The apprentice's day position is the lab or field experience related to the classroom instruction. Together this makes the learning experience a full apprenticeship. Instructors are encouraged to invite guest speakers into the classes. Field trips are encouraged to enhance the learning experiences for the apprentices. Instructors are offered 10 hours of professional development during the school year. These hours are used for group meetings and discussion about how to improve the program. We need to have these meetings when students are not in the center; they cannot happen while instructors are teaching.

ACTIVITIES:

INSTRUCTOR CLASS + PD HOURS SALARIES + Benefits = \$127,569.73

Tony Boutin ELECTRICAL 1- 156 hrs + 10 hrs @ \$42.94 = \$7,128.04
 Fredis Eugenia ELECTRICAL 1- 156 hrs + 10 hrs @ \$42.88= \$7118.08
 Aaron Hill ELECTRICAL 2- 156 hrs + 10 hrs @43.84 = \$7,277.44
 Alex Michaud ELECTRICAL 2- 156 hrs + 10 hrs @ \$43.84 = \$7,277.44
 John Adams ELECTRICAL 3 – 156 hrs + 10 hrs @ 43.84 = \$7277.44
 Lyle Reney ELECTRICAL 3- 156 hrs + 10 hrs @ 42.88 = \$7118.08
 David Sonia ELECTRICAL 4 -156 hrs + 10 hrs @ \$43.84 = \$7,277.44
 Miguel Martinez ELECTRICAL 4- 156 hrs + 10 hrs @ \$43.84 = \$7277.44
 TOTAL FOR ELECTRICAL INSTRUCTORS= \$57,751.40

Marc Prindville PLUMBING 1- 156 hrs + 10 hrs @ \$44.92 = \$7,456.72
 TBA PLUMBING 1- 156 hrs + 10 hrs @ \$42.00 = \$6972.00
 TBA PLUMBING 2- 156 hrs + 10 hrs @ 42.00 = \$6972.00
 Cody Anthony PLUMBING 2 -156 hrs + 10 hrs @ \$44.92 = \$7,456.72
 Kim Trisciani PLUMBING 3 -156 hrs + 10 hrs @ \$44.00 = \$7,304.00
 Bob Musil PLUMBING 3 – 156 hrs + 10 hrs @ \$47.14 = \$7,825.24
 Ernie Jean PLUMBING 4 -156 hrs + 10 hrs @ \$49.19 = \$8165.54
 TBA PLUMBING 4- 156 hrs + 10 hrs @ \$42.00 = \$6972.00
 TOTAL FOR PLUMBING INSTRUCTORS= \$59,124.22

110 - Salaries - Regular Employees = \$116,875.62

In the Matter of Karen Machado

200 - Social Security Contribution @ 7.65% = \$8940.98
 260 - Workers' Compensation @ 1.5% = \$1753.13

PERFORMANCE MEASUREMENT:

OUTCOME:

Function Code	Object Code	Focus	APPRENTICE
1600 - Adult/Continuing Education Programs	110 - Salaries - Regular Employees	0 - None	\$116,875.62
1600 - Adult/Continuing Education Programs	200 - Personnel Services - Employee Benefits	0 - None	\$8,940.98
1600 - Adult/Continuing Education Programs	260 - Workers' Compensation	0 - None	\$1,753.13
Totals:			\$127,569.73

ACTIVITY ID: 93768 LAST UPDATED: 10/1/2020 12:08:17 PM
 FIRST APPROVED: 8/18/2020 10:51 AM

CATEGORY:

N/A

PRIORITY:

The program needs to be supported with costs for support staff on a nightly basis, to counsel students, ensure the students safety and building security. The program requires record keeping of grades, attendance and payments as well as supervision of students and staff.

ACTIVITIES:

Support Staff and Benefits= \$24,819.59

Marc Prindville, Plumbing Supervisor, 250 hrs @ \$44.92 = \$11,230.00
 Louise Boutin, Administrative Assistant, 300 hrs @ \$22.37= \$6,711.00
 Security, 226 hrs @ \$21.23= \$4797.98
 2122 110 - Salaries- Support Employees \$22,738.98
 2122 220 - Social Security Contribution @ 7.65% = \$1739.53
 2122 260 - Workers' Compensation @ 1.5% = \$341.08

PERFORMANCE MEASUREMENT:

OUTCOME:

Function Code	Object Code	Focus	APPRENTICE
1600 - Adult/Continuing Education Programs	110 - Salaries - Regular Employees	0 - None	\$22,738.98
1600 - Adult/Continuing Education Programs	220 - Social Security Contributions	0 - None	\$1,739.53
1600 - Adult/Continuing Education Programs	260 - Workers' Compensation	0 - None	\$341.08
Totals:			\$24,819.59

ACTIVITY ID: 93764 LAST UPDATED: 10/1/2020 11:33:45 AM
 FIRST APPROVED: 8/18/2020 10:51 AM

CATEGORY:

N/A

PRIORITY:

The Apprenticeship Program requires a night supervisor to direct and organize the program on a nightly basis. The supervisor develops and implements policies. Performs evaluations of instructors and recommends training for program staff. Also oversees all funding and payroll for the program and the grant. All staff and students report to the night supervisor.

ACTIVITIES:

Wanda Fratus-Apprentice Supervisor – Night - 700 hrs @ \$29.68/hr= \$20,776.00
 2323 110 - Salaries - Regular Employees \$20,776.00
 2323 220 - Social Security Contributions @ 7.65%=\$1589.36
 2323 260 - Workers' Compensation @ 1.5%=\$311.64

TOTAL AMINISTRATIVE SALARIES AND BENEFITS = \$22,677.00

PERFORMANCE MEASUREMENT:

OUTCOME:

Function Code	Object Code	Focus	APPRENTICE
1600 - Adult/Continuing Education Programs	110 - Salaries - Regular Employees	0 - None	\$20,776.00
1600 - Adult/Continuing Education Programs	220 - Social Security Contributions	0 - None	\$1,589.36
1600 - Adult/Continuing Education Programs	260 - Workers' Compensation	0 - None	\$311.64
Totals:			\$22,677.00

In the Matter of Karen Machado



Karen Hannigan Machado <khanniganmachado@mansd.org>

Manchester Apprentice Program

Karen DeFrancis <kdefrancis@mansd.org>

Thu, Sep 23, 2021 at 1:38 PM

To: Karen Hannigan Machado <khanniganmachado@mansd.org>

Cc: Amy Allen <amyallen@mansd.org>, Kelsey Prince <kprince@mansd.org>, Lisa Foote <lfoote@mansd.org>, Joyce Fishwick <jfishwick@mansd.org>, Joann

Monsen <jmonsens@mansd.org>, Jennifer Gillis <jgillis@mansd.org>

Hi Karen,

Hope you are enjoying your semi-retirement!

The Apprenticeship Program was approved as a program of the District similar to how the Adult Ed and Drivers Ed programs were accounted for when those programs were active in the District. They are considered special revenue funds within and will be reported on our financial statements. Since it is a program of the District, the policies and procedures of the District need to be followed. The funds will be deposited into the District bank account and both revenues and expenditure will be accounted for through the MUNIS financial system. We will give the program its own project code to track easily, similar to what we do with grants. The salaries will also need to follow our policies/procedures. The employees of the program are considered non-affiliated personnel and therefore were given a raise in accordance with the board approval of non-affiliated employees, which was 1.87%. I recall in the past this being an issue with certain positions that were not competitive with the other programs in the State. If you feel this is the case a separate recommendation will need to go to the Finance Committee. The budget that went in front of the Finance Committee was just for planning purposes and not an approval to go above the board approved raises. Also, if Wanda's position is going to change to a higher level position (Operations Administrator) with a higher salary, that will need to go through the Policy Committee as a new position and then be posted, which Wanda can apply for.

Please let me know if you have any questions. I have copied a few people on this email to keep them in the loop.

Thanks,
Karen

Karen DeFrancis
Chief Financial Officer
Manchester School District
603-624-6300
[20 Hecker Street](#)
[Manchester, NH 03102](#)

On Thu, Sep 23, 2021 at 12:29 PM Kelsey Prince <kprince@mansd.org> wrote:

In the Matter of Karen Machado
Kelsey Prince
Assistant Business Administrator

Apprenticeship Program Budget 2022-2023

Tuition per student per year as set by the NH State Apprentice Board: \$14
 The tuition will pay for the costs to run the program. The tuition is primarily paid student by the employer. Since there is a dire need for electricians and plumbers in the surrounding Manchester area, this is a competitive rate with other programs in the local area.

Cost Breakdown for salaries

Employee Name/Position	hourly wage	hours	yearly		
Karen Machado Apprentice Director	\$71.31	500	250		
Wanda Fratus Operations Administrator	\$45.84				
Wanda Fratus Plumbing Supervisor	\$45.84	250			
Jonathan Anderson Electrical Supervisor	\$45.84	250		1	1
Louise Boutin Admin Assistant	\$24.45	300	7,335	\$6710	\$8,006.00
Jonathan Adams Electrical 1	\$45.84	166	7,609	696	8,305.00
Alex Michaud Electrical 2	\$45.84	166	7,609	696	8,305.00
Fredis Eugenia Electrical 3	\$44.82	166	7,440	681	8,120.00
David Sonia Electrical 4	\$45.84	166	7,609	696	8,305.00
Instructor Plumbing 1	\$45.84	166	7,609	696	8,305.00
Instructor Plumbing 2	\$45.84	166	7,609	696	8,305.00
Michael Shappell Plumbing 3	\$45.84	166	7,609	696	8,305.00
Michael Shappell Plumbing 4	\$45.84	166	7,609	696	8,305.00
Total costs			138,073	12,633.00	150,709.00

ACTIVITIES:

1600 534 - Postage Fees \$500

1600 610 - General Supplies \$2000

1600 641 - Books for apprentice students: total for all programs and all students \$20,000

1600 734 - Technology for Support Staff Office - \$1500.00

1600 441- Rental Land and Buildings - 8 classrooms x \$1000/yr = \$8000.00

APPRENTICE PROGRAM TOTAL COSTS = \$182,709

Apprenticeship Program Budget 2023-2024 Accelerated Program Budget

Tuition per student per course as set by the NH State Apprentice Board: **\$1450.00**
The tuition pays for all costs to operate the program. The tuition is primarily paid by the employer for their apprentices..

Cost Breakdown for salaries

Employee Name/Position	hourly wage	hours	yearly salary	benefits	cost/year
Karen Machado Apprentice Director	\$76.10	650	\$49,465.00	\$4526.05	\$53,991.05
Wanda Fratus Operations Administrator	\$48.92	550	26,906.00	\$2461.90	\$29,367.90
Louise Boutin Admin Assistant	\$26.09	300	\$7827.00	\$716.17	\$8,543.17
					\$91,902.12
Jonathan Adams Electrical 1 teacher	\$48.92	320	\$15,654.40	\$1432.38	\$17,086.78
Alex Michaud Electrical 2 teacher	\$48.92	320	\$15,654.40	\$1432.38	\$17,086.78
Stephen Chryn Electrical 3 teacher	\$47.23	320	\$15,113.60	\$1382.89	\$16,496.49
Joshua Lovett Electrical 4 teacher	\$45.50	320	\$14,560.00	\$1332.24	\$15,892.24
					\$66,562.29
Michael Shappell Plumbing/Gas 1 tchr	\$48.92	320	\$15,654.40	\$1432.38	\$17,086.78
Aurelian Ricardo Plumbing/Gas 2 tchr	\$45.50	320	\$14,560.00	\$1332.24	\$15,892.24
Ernest Jean Plumbing/Gas 3 teacher	\$54.58	320	\$17,465.60	\$1598.10	\$19,063.70
Michael Shappell Plumbing 4 teacher	\$48.92	320	\$15,654.40	\$1432.38	\$17,086.78
					\$69,129.50
Total Salary costs					\$227,593.91

1600 534 - Postage Fees \$500.00

1600 610 - General Supplies \$1000.00

1600 641 - Books for apprentice students: total for all programs and all students \$22,400.00

1600 441- Rental Land and Buildings - 8 classrooms for 2 nights = \$6,000.00

APPRENTICE PROGRAM OPERATIONAL COSTS = \$29,900.00

SALARIES = \$227,593.91

TOTAL = \$257,493.91 - based on 178 students for the year or 2 semesters of instruction

In Summary: The apprenticeship program had 121 students enrolled last year. Due to our new "accelerated" schedule where 2 courses can be taken in 1 year, we anticipate at least 178 students. If there are less than 6 students in a class, the class will not be able to run due to the costs for the teacher salary and books.

New Hampshire Retirement System

In the Matter of Karen Machado

Docket # 23-12

SUBMITTED VIA EMAIL TO: Diana.Crichton@nhrs.org
foleypt@comcast.net

APPELLANT HEARING MEMORANDUM

NOW COMES the Appellant, Karen Machado, and submits the within Appellant Hearing Memorandum pursuant to the New Hampshire Retirement System's orders on April 17, 2024 and May 28, 2024, that the Appellant may submit additional evidence and arguments in support of her appeal heard on April 5, 2024.

I. **ISSUE ON APPEAL**

The issue on appeal is whether, under the provisions of RSA 100-A governing the terms and conditions for benefits payable through the New Hampshire Retirement System, Appellant Karen Machado was a retired "member" who, in 2022, "worked part-time" for a New Hampshire Retirement System "participating employer," Manchester School District, such that she exceeded 1,352 hours in 2022 in part-time "employment" by the Manchester School District, in violation of RSA 100-A:7 (incorporating RSA 100-A:1, XXXIV) and is not, therefore, entitled to the state annuity portion of her retirement allowance.

II. **STATUTORY PROVISIONS RELEVANT TO APPELLANT'S APPEAL ARGUMENTS**

RSA 100-A:1 Definitions, IV

"Employer" shall mean (a) the state or any department, commission, institution, or agency of the state government by which an employee is paid through the office of the state treasurer with respect to their employees, (b) the state, **the local school district**, or other employers of teachers eligible for membership in the system with respect to the teachers in their employ, (c) any police department or police force of the state, or of any county, city, town, village, or precinct in the state with respect to the permanent policemen in their employ, (d) any fire department of the

state, or of any county, city, town, village, or precinct in the state with respect to the permanent firemen in their employ, (e) any political subdivision that has elected to participate under RSA 100-A:20, and (f) the community college system of New Hampshire; provided, however, that in no instance shall any employer contribute or participate in the retirement system unless by a reasonable determination of the board of trustees such employer qualifies as a governmental entity, political subdivision, agency, or instrumentality eligible to participate in the retirement system as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code of 1986, as amended. When 2 or more employers share or merge payroll functions, each employer shall continue to be considered a separate employer for the purposes of RSA 100-A.

Emphasis added.

RSA 100-A:1 Definitions, V

"Employee" shall mean any regular classified, nonclassified, or unclassified officer or employee of the state or any department, commission, institution or agency of the state government by which an employee is paid through the office of the state treasurer, or employees of the general court who work on a full-time basis and are eligible for other state benefits, but whose salary is calculated on a per diem basis, or any employee of the retirement system, or any full-time employee of the community college system of New Hampshire who is an active retirement system member or who elects membership in the retirement system, or of any of the groups authorized to participate under this chapter **but excluding any person who is a teacher**, permanent policeman, or permanent fireman as defined in this section, or who is a member or attache of the general court or member of the executive council.

Emphasis added.

RSA 100-A:1 Definitions, VI

"Teacher" shall mean any regular or special teacher, **principal, supervisor or administrator**, librarian or other member of the teaching or professional staff engaged in the service of the public elementary and secondary schools located within the state and supported by and under the control of the state, the local school district, or other employers of teachers eligible for membership in the system.

Emphasis added.

RSA 100-A:3 Membership, I(a)

Any **person** who becomes an employee, **teacher**, permanent policeman, or permanent fireman after the date of establishment, **working in a position for an employer under this chapter as determined by common law standards**, shall become a **member** of the retirement system as a condition of employment.

Emphasis added.

RSA 100-A:7 Working After Retirement; Exceeding Part-Time Hourly Limit, II

Any **retired member** who, in any calendar year, **works part-time for one or more participating employers** and exceeds the maximum permitted hours as provided in RSA 100-A:1, XXXIV, shall forfeit the state annuity portion of his or her retirement allowance, and any allocable cost of living adjustments, with such forfeiture commencing as soon as administratively feasible in the next calendar year and continuing for a period of 12 months.

Emphasis added.

RSA 100-A:1 Definitions, 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 one or more participating employers of the retired member which shall not exceed 1,352 hours in a calendar year, except as provided in RSA 100-A:7-b. Notwithstanding the foregoing, no retired member shall be employed on a part-time basis by any participating employer for a period of 28 days from the member's effective date of retirement.

Emphasis added.

III. NH CASE LAW APPLICABLE TO APPELLANT'S ARGUMENTS ON APPEAL

LaVallie v. Simplex Wire & Cable Co., 135 N.H. 692, 696 (1992)(holding that the New Hampshire Department of Labor regulation governing "employment" which is premised on the definition of "servant" under the Restatement (Second) Agency § 220 at 485-86 (1958) is the New Hampshire common law standard for determining the existence of an employment relationship.)

Thus, we believe that the *Restatement* test, as spelled out in the department of labor regulations, sets forth the proper framework for determining whether an employer relationship exists.

Petition of City Cab of Manchester, Inc., 139 N.H. 220, 221-23 (1994)(affirming and reciting the New Hampshire common law standard for establishment of an employment relationship, which is premised on Restatement (Second) Agency § 220 at 485-86 (1958))

"Employee-employer relationship" shall be defined using the following criteria:

- (a) The employee is permitted, suffered, required or directed by the employer in consideration of direct or indirect gain or profit to engage in the employment of the employer;
- (b) The employer provides the employee with instructions, training or orientation as to when, where and how the work is to be performed to the employer[']s specifications;
- (c) The employer supervises the work of the employee;
- (d) The employee may submit oral or written reports to the employer regarding work activities;
- (e) The work performed by the employe[e] is part of the regular business of the employer;

- (f) The employer supplies the employee with the instrumentalities, tools and the place of work without a significant investment by the employee;
- (g) The employer pays the employee by the hour, week, month, piece or commission and may pay business and travel expenses;
- (h) The employee is prevented from hiring, supervising and paying assistants to complete a specific goal in the manner of a subcontractor;
- (i) The employer can discharge the employee with a right to no more than wages already earned or the employee can end the relationship without incurring any liability as in a breach of contract;
- (j) The employee[s] shall not present themselves as being a business entity; and
- (k) Any other factor which contributes to the nature of the relationship that the parties believe they are creating.

Under this standard, the determination of whether an employee-employer relationship exists depends on the facts of the case.

The hearing officer's determination to afford more weight to the [certain] criteria discussed above, however, is neither unlawful nor unreasonable.

IV. FIRST CIRCUIT LAW SUPPORTING APPELLANT'S APPEAL ARGUMENTS

CMI Cap. Mkt. Inv., LLC v. Municipality of Bayamon, 410 F. Supp. 2d 61, 70 (D.P.R. 2006)(quoting Garner B.A., *Black's Law Dictionary*, p. 69 (8th ed.2004)).

A fiscal agent is generally defined as “[a] bank or other financial institution that collects and disburses money and serves as a depository of private and public funds on another's behalf.”

V. PERSUASIVE AUTHORITY SUPPORTING APPELLANT'S APPEAL ARGUMENTS

Bushard v. Indep. Sch. Dist. #833, No. C1-00-836, 2001 WL 32805, at *2 (Minn. Ct. App. Jan. 16, 2001)(reasoning as follows, in a case where a program employee sought to distinguish herself as an employee of her program rather than of the School District operating as fiscal agent for the program)

The district court relied on several facts to determine that ISD # 833 was Bushard's employer. First, the collaborative's interagency agreement provided that the collaborative's staff should be hired and supervised according to the fiscal agent's personnel policies and procedures. The collaborative's fiscal agent was ISD # 833. Second, Bushard received her paychecks and benefits through ISD # 833. Third, Pines, an employee of ISD # 833, evaluated her work performance. Finally, she met with Pines to discuss issues related to the collaborative.

Bushard argues that ISD # 833 was her employer for administrative purposes only because the collaborative's grant money needed to be handled by a fiscal agent. She contends the collaborative was her true employer because her salary was paid from the grant money received

by the collaborative and her duties were directed by the collaborative. Also, the interagency agreement provided that the fiscal agent *along with other designated members of the collaborative* were responsible for hiring and supervising collaborative employees. Of the five signatories to the agreement, only ISD # 833 is a classic public employer. At oral argument, it was accepted that decisions made by the collaborative were subject to a quorum vote of majority plus one vote, and nothing in the record shows that the four private agencies could not outvote ISD # 833. Although the fiscal agent could also be an employer, there is no law or rule holding that a fiscal agent and an employer are synonymous. A fiscal agent has similar attributes of a court-appointed receiver who is given complete authority to monitor and manage a corporate entity forced into receivership. Although the receiver has control over the company, the people working for the corporation would still be considered employees of the company rather than employees of the court-appointed receiver monitoring the corporation. Similarly, ISD # 833's status as the collaborative's fiscal agent does not necessarily mean that ISD # 833 was the employer of the employees working for the collaborative.

We conclude that Bushard has raised specific facts to show a genuine issue for trial regarding the identity of her true employer

Parker v. Summers Cnty. Bd. of Educ., 185 W. Va. 313, 315–17, 406 S.E.2d 744, 746–47 (1991)(concluding that an employee of an independently funded, Adult Basic Education program, for which a school board was acting as a fiscal agent, was not a Board employee).

The evidence presented to the hearing examiner at the Level IV grievance hearing revealed that the ABE program by which the appellee was employed from August of 1965 until 1974, was a four-county federally funded adult education program. The evidence indicated that the headquarters of the ABE program were established in Summers County because the director of the four-county program resided there.

The Board in Summers County, therefore, acted as a fiscal agent for the ABE program on behalf of the division of vocational education of the state board of education.

The evidence adduced at the hearing also indicated that the Board paid the salaries of the employees of the ABE program and then was reimbursed once those employees submitted affidavits to the division of vocational education of the state board of education. There was also evidence that the funds for the ABE program were maintained in separate accounts which were inaccessible to the Board except to pay ABE salaries or expenses.

Furthermore, the evidence revealed that during the appellant's tenure with the ABE program, she did not have a contract of employment with the Board. It was not until she was employed as secretary of the Summers County Career Center that the appellee entered into a contract with the Board. The evidence also indicated that the appellee was not credited with sick leave until she began working at the Summers County Career Center in 1974.

Clearly, the evidence in the record supports both the hearing examiner's findings that the appellee and Mr. Davis were not employees of the Board during the time they worked for the ABE program and his conclusion that neither the appellee nor Mr. Davis was entitled to the sixty days sick leave for that period of employment

NEA Foundation Guidance on Fiscal Agency, <https://www.neafoundation.org/educator-grants-and-fellowships/grant-resources/about-fiscal-agents/> (Attachment 1)

What is a fiscal agent?

A fiscal agent is an organization that agrees to accept and be responsible for grant funds on your behalf. Before listing a fiscal agent on your grant application, check with your school leadership team or administrator to verify if the fiscal agent should be your school, school district, school board, institution's grants administration or development office (in the case of higher ed), or local union. Grant awards will be delayed if an inaccurate fiscal agent is provided in the application.

Who can serve as a fiscal agent?

This varies. Generally speaking, your school, school district, school board, institution's grants administration or development office, or local union may serve as a fiscal agent.

What are the responsibilities of the fiscal agent?

The fiscal agent is responsible for receiving and safeguarding your grant funds. Legally, the fiscal agent is obligated to:

- maintain its own records of disbursements related to the grant
- keep receipts for at least three years following receipt of the grant
- make financial records available to The NEA Foundation upon request
- disburse funds in accordance with the purpose of the grant application
- disburse funds solely at the direction of the grantee

VI. APPELLANT'S LEGAL ARGUMENTS

It is uncontested that the Appellant worked more than 1,352 hours in 2022. Appellant's argument is that she did not work for a New Hampshire Retirement System *participating employer*, Manchester School District [hereafter "District"], such that she exceeded the 1,352 hour limit prescribed by RSA's 100-A:7 and 100-A:1, XXXIV, because, of the total 1,528 work hours¹ asserted by the New Hampshire Retirement System,² at least 390.5 of these hours were worked in employment for the Manchester Apprenticeship Program [hereafter "Program"], an

¹ See NHRS Exhibit 1.

² Appellant calculates that she worked 390.5 hours based on her testified schedule of working 10 hours per week for the Program. See also Appellant Tab [hereafter "App. T"] 1, C and 2, M. NHRS has made no argument that Appellant did not work in the Program for 10 hours a week throughout 2022.

independently-managed, not-for-profit, adult education program, serving adult learners from outside of Manchester and across New Hampshire, which is beholden only to regulation and guidance by the New Hampshire Office of Apprenticeship within the U.S. Department of Labor, the NH Office of Professional Licensure and Certification and the direction of the Program Director, Appellant.³

The Program is not a New Hampshire Retirement System participating employer and it also is not a part of, or managed or directed by, the Manchester School District [hereafter “District”]. The District is merely the Program’s landlord and fiscal agent.⁴ Although the Manchester School Board has approved this business and contractual relationship, as it must for all District contractors, the District does not have authority over the Program. As agent of the Program, the District’s power is *second* to Appellant’s as the Program’s director, not the other way around. The District has no authority to hire or fire Appellant from her Program Director position nor any of the Program’s employees.⁵ The District is limited to performing fiscal-administrative, non-discretionary tasks on behalf of, and as an *agent* of, the Program.⁶ The Program compensates the District for this fiscal-administrative work;⁷ the District does not

³ See App. T 6, A, B, C, D (D stating “a separate [from local entity] organization is offering the apprenticeship program)

⁴ See App T 5, C (showing Program compensation to the District for “Land/building/Equipment” and impliedly District services within same).

⁵ See App T 4, A (showing Appellant (“me”) stating that she exclusive performs hiring, firing, and employee supervision tasks for the Program). NHRS has raised no evidence suggesting the District is involved i in Program personnel management beyond “recommending” that any hired and retained employees receive a de minimis annual salary increase, paid, significantly from Program funds, not District funds. See App T 3, I (recommending increase).

⁶ See App T 3, A-F (showing multiple District public records, in which the District does not contest, endorses and approves representations that it is the “fiscal agent” responsible only for “financial management” of the separate and independent “adult, night” Program.

⁷ See App T 3, K showing the District invoicing and the Program paying the District for District premises and related services.

compensate the Program for it and its employees' work.⁸ In this sense the District works for the Program, and the Program does not work for it.

Persuasive caselaw analyzing facts similar to Appellant's, involving employees working for programs *served* by school districts as fiscal agents, instruct that employees working in programs so served are not district employees such that they may avail of employee rights as against the districts. See Parker, 185 W. Va. at 315–17. Caselaw also analogously holds that employees similarly-situated to the Appellant are not restricted from availing of rights and benefits of employment by the *programs* for which they work because they are necessarily considered to be employees of district agents. See Bushard, 2001 WL 32805 at *2.

Guidance from respected and commonly known educational grantors similarly suggests that the employees of independently-operating, educational program grantees are not employees of any school district fiscal agents that have agreed, for compensation, to provide fiscal services to the independent program grantees. See Attachment 1.

In sum, construing “works part-time for one or more participating employers” consistent with the statutory language of RSA 100-A, New Hampshire caselaw governing the establishment of an “employment” relationship, persuasive caselaw analyzing school district fiscal agency for otherwise non-affiliated programs, and guidance from educational grantors delineating the limited service responsibilities of school district fiscal agents, the Appellant cannot be considered to have worked part-time for a New Hampshire Retirement System participating employer such that she exceeded the 1,352 hour limit. Again, she worked part-time for the independent

⁸ Refer to Appellant Testimony and App. T 6, D referring to complete self-funding of the Program. See also App. T 3, I (District Business Manager email stating the Program, and not the District, would need to pay for any salary increase given Program employees). See also Attachment 2 (showing non-district program funds maintained in separate “Special Revenue Funds” maintained by the District as Fiscal Agent).

organization that was the Program, and, in that capacity, negotiated with the District for *it* to work for the *Program* as its fiscal agent.

A. The Appellant did not work part-time in employment for a participating employer in excess of 1,352 hours within the meaning of RSA 100-A:7 because RSA 100-A relies on “common law standards” to define “employment” and the Appellant satisfied those standards in her work for the Program, but not for the District, the participating employer under RSA 100-A.

Analysis of the issue presented by this appeal first requires interpretation of the language in RSA 100-A:7: “works part-time for one or more participating employers.” The task is challenging because neither “work,” nor “employment,” nor “participating employer” are expressly defined under the statute.

“Employer” is defined to include “local school district.” See RSA 100-A:1, IV. Notably though neither “employer” nor “employee” are defined under RSA 100-A by reference to any management, control, duties, or responsibilities criteria. See id.; see RSA 100-A:1, V. Rather, the roles of “employer” and “employee” are defined by reference to the types of government entities covered by the statute. See RSA 100-A:1, IV and V. The definition of “employee” does not even include teacher or administrator such as the Appellant. RSA 100-A:1, V.

Meanwhile, “part-time” for “purposes of employment of a retired member of the New Hampshire retirement system,” such as Appellant, “means **employment** by one or more participating employers of the retired member.” RSA 100-A:1, XXXIV (emphasis added). Here again, as with the definitions of “employer” and “employee,” the conduct or relationship of “employment” is not expressly defined under the statute.

Helpfully, RSA 100-A:3, defining “membership,” provides some guidance as to the contemplated meaning of “employment” for the purpose of analyzing “work[ing] part-time” in “employment” for a participating employer, inclusive of a local school district. Here,

membership in the New Hampshire Retirement System is defined as “any person who becomes an employee, teacher, permanent policeman, or permanent fireman after the date of establishment, **working in a position for an employer under this chapter as determined by common law standards.**” RSA 100-A:3 (emphasis added). Where membership is so defined, and in the absence of any statutory definition for part-time “employment”, “employment” for the purpose of applying 100-A:7’s rule against part-time employment beyond 1,352 hours should be determined according to New Hampshire common law standards.

New Hampshire common law, as articulated in Petition of City Cab of Manchester, Inc., 139 N.H. 220, 221 (1994), provides that “employment” is established only when the following things occur:

- (a) The employee is permitted, suffered, required or directed by the employer in consideration of direct or indirect gain or profit to engage in the employment of the employer;
- (b) The employer provides the employee with instructions, training or orientation as to when, where and how the work is to be performed to the employer[‘]s specifications;
- (c) The employer supervises the work of the employee;
- (d) The employee may submit oral or written reports to the employer regarding work activities;
- (e) The work performed by the employe[e] is part of the regular business of the employer;
- (f) The employer supplies the employee with the instrumentalities, tools and the place of work without a significant investment by the employee;
- (g) The employer pays the employee by the hour, week, month, piece or commission and may pay business and travel expenses;
- (h) The employee is prevented from hiring, supervising and paying assistants to complete a specific goal in the manner of a subcontractor;
- (i) The employer can discharge the employee with a right to no more than wages already earned or the employee can end the relationship without incurring any liability as in a breach of contract;
- (j) The employee[s] shall not present themselves as being a business entity; and
- (k) Any other factor which contributes to the nature of the relationship that the parties believe they are creating.

Appellant admitted evidence at hearing showing that almost none of these things occurred in her post-retirement relationship with the District. For example, as to (b) and (c), the principal at Manchester School of Technology, which leased space to the Program, testified that he had no supervisory authority over the Appellant or the Program. Nor did the District Superintendent or Asst. Superintendent supervise the Appellant or the Program. Appellant's personnel file, at Attachment 3, is devoid of reference to District oversight of the Appellant in her role as Program Director. Similarly, as to (d), the file contains no reports from Appellant, or references to reports, on the day-to-day operations of the Program; the Appellant testified to the effect that she was not asked to submit any such reports to the District, and, moreover that the District had little to no knowledge of her work in the Program, nor of the Program generally. Appellant and Eric Frauwith, formerly the Director of the New Hampshire Department of Education of Bureau of Career Development, rather testified to the effect that Appellant and the Program were overseen and beholden to state and federal guidance and regulation.

As to (e), the Appellant testified that the Program was intended for working, or prospectively working adults, not the K-12, Manchester *children* enrolled in the District whose education is the mission and "regular business" of the District. As shown in Attachment 4 at Exhibit A, the Program serves working, or prospectively working adults, across New Hampshire, not Manchester resident children who are the focus of the District.

As to (f) and (g), the District did not pay Appellant or the other Program employees in consideration for work the Appellant and other Program employees did to the benefit of the District, nor did the District pay for Program expenses. Rather, the Program was entirely self-sustaining and self-benefiting. The exhibits and testimony at the Hearing revealed that the Program collected funds from employer sponsors of the adult apprentices in the Program and

forwarded those funds to an isolated “special revenue fund” maintained by the District (as fiscal agent) specifically for the Program. Refer to the testimony of Program employee, Loise Boutin, as to her registration of students, collection of tuition funds, and depositing in the District “special revenue fund” Program funds. See also Attachment 2. It was only from these Program collected funds maintained in the isolated fund, and not from any District general fund, that payment for Program expenses was drawn and the Appellant and Program employees were paid wages. The District did not “spot,” supplement, or otherwise financially support the Program. See Attachment 4. Nor did the District provide the Appellant or her Program access to District technology, supplies or instrumentalities, other than its leased and Program paid-for work space. Refer to Appellant testimony that the District disconnected her access to District databases when she ceased her consulting work for the District. See also App. T 5 (showing Program budgets inclusive of “food,” “supplies,” and “textbooks”).

As to (h) and (i), Appellant and Program employee testimony suggested that Appellant had autonomy to hire, fire, demote, and discipline employees, as well as to eliminate positions which could not be supported financially by Program, tuition-based funds. See also Attachment 4, Exhibit B (showing Program employment contract). The New Hampshire Retirement System adduced no evidence that District management had ever exercised such authority over the Program and its employees.

As to (j) and (k), testimony and documents admitted by the Appellant show that the Program consistently believed itself to be, and held itself out to be, a separate entity from the District that was merely “located” at the Manchester School of Technology, and that the District was merely a “fiscal agent” of the program. See App T 6, E-H (Program registration and promotional materials, with Program specific insignia and without District insignia, identifying

the “Manchester Apprenticeship Program” as being merely “located” at the Manchester School of Technology); see App. T 3, A-G (showing District executed documents containing repeated assertions as the Program’s independence from the District); see App. T 6, D (showing apprenticeship-program-knowledgeable, former Director of DOE Bureau of Career Development’s understanding of the Program’s independence from the District). The New Hampshire Retirement System has not made a sufficient, credible showing, that the District perceived the Program to not have a separate identity, in order to rebut Appellant’s evidence. District records relating to Board approval, of the District providing “fiscal agency” services and permitting the Program to lease District premises, show that where Appellant repeatedly asserted that the Program was not a District program, but was instead and independent and self-sustaining program, these assertions went unchallenged and uncorrected by any District representative. See App. T 3, A-F. At hearing, the Manchester School of Technology’s principal testified to the effect that he was called to a Superintendent meeting due to her confusion over the Program’s relationship with the District as opposed to a clear understanding that the Program was a District Program. The New Hampshire Retirement System was unable to muster any District employee to testify as to a clear understanding of District management and control over the Program and Appellant, nor facts supporting the same.

The Appellant has sought, through RSA 91-A, “right to know” request, public records which would corroborate that she did not, in her work as Program Director, meet the criteria for part-time “employment” with the District as listed in (a) – (k) above. The District has largely failed to produce documents in response to the requests as shown at Attachment 5. On information and belief, particularly where there was testimony at hearing from the Manchester School of Technology principal that the District Superintendent had “liability” concerns related

to the Appellant's post-retirement work on District premises, the District is motivated to pretextually assert that the Appellant is a District employee in order to avoid issues with District liability insurance coverage blanketly applying to District employees. This could be so particularly where the District has failed to adequately insure itself for injury caused by Program employees under a different status, e.g. as employees of a principal for which the District is an agent, or a contractor, or lessee. In any case, the failure of the District to produce documents relevant to the questions raised by this appeal, despite having obligation to do so under RSA 91-A, is a factor for consideration in analyzing the credibility of the District's hearsay statements adduced at hearing.

B. The District is the Program's fiscal agent but does not employ Appellant or the Program's employees because it does not meet the criteria established in case law for determining fiscal agency employment.

As discussed supra, Appellant repeatedly referred to the District as the Program's fiscal agent in meetings with the District, and the District did not shirk this label, suggesting that there was a mutual understanding between Appellant and the District that the District *was* the fiscal agent for the Program. Moreover, the District has conducted itself consistently with fiscal agency responsibilities, as it has maintained records of disbursements of Program funds, and has disbursed these funds in accordance with the Program Director's budgets or at the sole discretion and direction of the Program Director. See Attachment 1; see Attachment 4; see App. T 3, A-3 (Program proposed budget prepared by Appellant); see App. T 5 (showing reports prepared by the District as fiscal agent as to Program special revenue fund disbursements in accordance with Appellant's proposed budget line items). This conduct by the District satisfies fiscal agency criteria articulated in First Circuit case law as well as guidance specific to school district fiscal agency for privately funded educational programs. See CMI Cap. Mkt. Inv., LLC v.

Municipality of Bayamon, 410 F. Supp. 2d 61, 70 (D.P.R. 2006)(defining fiscal agency to mean an “institution that collects and disburses money and serves as a depository of private and public funds on another's behalf.”); see Attachment 1 (identifying the duties of fiscal agency to include “maintain[ing] records of disbursement”, “making financial records available ... upon request,” and “disbursing funds at the solely at the direction” of the principal served).

Fiscal agents *can* be employers of the people working in the programs they serve, but they are not necessarily. See Bushard, 2001 WL 32805 at *2 (reasoning “Although the fiscal agent could also be an employer, there is no law or rule holding that a fiscal agent and an employer are synonymous. A fiscal agent has similar attributes of a court-appointed receiver who is given complete authority to monitor and manage a corporate entity forced into receivership. Although the receiver has control over the company, the people working for the corporation would still be considered employees of the company rather than employees of the court-appointed receiver monitoring the corporation.”). In a case involving a social services coordinator working for a “community collaborative” funded by private funds, i.e. circumstances very similar to Appellant’s and the Program’s, the collaborative retained a local school district to serve as “fiscal agent” for the collaborative, just as Appellant retained the District. See id.; see App. T 3, A-F (showing Appellant petitioning the District Board to serve as “fiscal agent” for the Program). After the coordinator was terminated, she sought breach of contract relief on grounds that her “true employer” was the collaborative, not the school district fiscal agent. See Bushard 2001 WL 32805 at *2.

To determine whether the collaborative could be considered the coordinator’s true employer, despite the existence of the fiscal agent, the Court analyzed the following factors: 1) whether the agreement between the collaborative and the district provided that the collaborative

employees must be hired and supervised according to the district's personnel policies; 2) whether the coordinator received her paychecks and benefits from the district; 3) whether the district evaluated the coordinator's work performance; and 4) whether the coordinator's salary was paid through district as opposed to collaborative funds. See id. The Court held that where the coordinator proffered evidence showing that just two of the four criteria tending to show fiscal agency employment could not be satisfied (that the coordinator was paid by agent funds and that collaborative employees were hired and supervised in accordance with agent policies), the Court ruled that the collaborative, as opposed to the district fiscal agent, could be the coordinator's true employer. Id.

In Appellant's matter, she has submitted evidence showing that *three* of the four criteria tending to show employment by the fiscal agency are not satisfied. For example, she has shown that: 1) Program employees are not hired and supervised according to District policies; 2) The District does not evaluate Program employee performance; and 3) Program employees are not paid from District funds but rather from a Program funded account. Accordingly, the Appellant's "true employer" is the Program and not the District acting as fiscal agent.

Conversely, in Parker v. Summers Cnty. Bd. of Educ., 185 W. Va. 313 (1991), a secretary working for an adult basic education ["ABE"] program, for which a County was acting as fiscal agent, sought to assert that the County fiscal agent *was* her employer in order to receive the County-employee benefit of accrued sick days. Here, where the evidence adduced at hearing indicated that the ABE program reimbursed the County for the wages it paid ABE workers; that the County held funds for the ABE program in separate accounts reserved to pay the ABE workers; that the secretary did not have an employment contract with the County that was typical of County employees; and that the secretary had not been given other benefits provided to

County employees; the Court held that the County fiscal agent was not the secretary’s employer and that instead she was employed by the ABE program. Id. Similarly, in Appellant’s case, she has been paid by Program funds kept separate from the District fiscal agent’s funds; she does not have a District, school administrator contract; and she and the Program employees have not enjoyed the benefits of District employment, to include New Hampshire Retirement System membership and contribution. See App. T 3, K-5 (showing only “part-time salaries”, FICA, and Medicare paid to Program employees); see Attachment 4, Exhibit B. Appellant should therefore not be considered an employee of the District, the Program’s fiscal agent.

VII. CONCLUSION

For the reasons stated herein, the Appellant did not in 2022 work part-time in employment for a New Hampshire Retirement System participating employer in excess of 1,352 hours within the meaning of RSA 100-A:7, and she therefore is not subject to forfeiture of the state annuity portion of her retirement allowance.

Date: June 14, 2024

Respectfully submitted,

KAREN MACHADO

By her attorneys

Backus, Meyer & Branch, LLP

By: /s/ Megan Douglass

Megan Douglass, Esq. NH Bar # 19501

116 Lowell Street

Manchester, NH 03104

(603) 668-7272

mdouglass@backusmeyer.com

CERTIFICATE OF SERVICE

I certify that the foregoing memorandum and all attachments were delivered to Peter Foley, Esq., via email to foleypt@comcast.net on this date, June 14, 2024.

/s/ Megan Douglass

NEW HAMPSHIRE RETIREMENT SYSTEM

In the Matter of Karen Machado

(Docket #23-12)

NHRS STAFF POST-HEARING MEMORANDUM OF LAW

I. PROCEDURAL BACKGROUND

The Petitioner, Karen Machado, is an NHRS retiree who is appealing a September 28, 2023 administrative decision by NHRS Staff that her part-time employment with the Manchester School District during calendar year 2022 exceeded 1352 hours, the maximum allowable amount pursuant to RSA 100-A:1, XXXIV.

An evidentiary hearing was held in this matter on April 5, 2024 at the conclusion of which the Hearings Examiner authorized the parties to file post-hearing memoranda in support of their respective legal positions. As such, NHRS Staff submits the following Post-Hearing Memorandum of Law in response to Petitioner's Hearing Memorandum filed on June 14, 2024.

II. RELEVANT FACTS

1. In July 2021, Petitioner Karen Machado retired from her employment with the Manchester School District. Petitioner Hearing Testimony.

2. Prior to retiring, Petitioner had been employed by the Manchester School District as the Principal of the Manchester School of Technology since 2006. Petitioner Hearing Testimony.

3. From the 2010-11 school year through the 2015-16 school year, Petitioner was paid an extra hourly stipend, in addition to her salary as Principal, to manage the School District's adult education and apprenticeship programs. NHRS Exh. 2 at 4, (Email, MSD-NHRS), Petitioner

Hearing Testimony. Petitioner does not dispute that she performed these additional duties as an employee of the Manchester School District. Petitioner Hearing Testimony.

4. From the 2016-17 school year through the 2020-21 school year, a different School District employee, apparently Timothy Dow, was the Director of the adult education and apprenticeship programs. *See* Petitioner Hearing Testimony, Boutin Hearing Testimony.

5. Both prior to and throughout this time frame, the apprenticeship program was funded by a grant that the School District received from the State Department of Education. Exh. 2 at 4, Exh. 3 at 7, Petitioner Hearing Testimony.

6. In March of 2021, Petitioner first learned that the Department of Education apprenticeship grant program was going to be terminated in advance of the 2021-22 school year so that the apprenticeship program would instead have to be financed exclusively through student tuition payments. Exh. 3 at 7, Petitioner Tab 2A-1, Petitioner Hearing Testimony.

7. In August 2021, Petitioner accepted two part-time positions with the Manchester School District, one that involved part-time employment during the school day and the other that involved part-time employment in the evening. Petitioner Hearing Testimony. Petitioner remained in these two part-time positions through the end of the 2022-23 school year. Petitioner Hearing Testimony.

8. During the school day, Petitioner worked twenty hours per week as a part-time Career Technical Education (“CTE”) Consultant to the School District and was involved in assisting the newly hired Principal of the Manchester School of Technology and the Assistant Principal/CTE Director with the Manchester School of Technology’s CTE program. Exh. 2 at 4, Petitioner Hearing Testimony. Petitioner does not dispute that she performed this job as an employee of the Manchester School District.

9. During the evening, Petitioner worked as the Director of the School District's apprenticeship program. Exh. 2 at 4, Petitioner Hearing Testimony. The position had been offered to Petitioner by Assistant Superintendent Forrest Ransdell and, as stated by Petitioner to the School Board's Committee on Finance & Facilities "upon her retirement in June of 2021, [Petitioner] came to...[the Manchester School] Board to request to become the program administrator." Tab 3 A-1. Apparently that request was approved as thereafter, Petitioner began working 10 hours per week as program Director. Petitioner Hearing Testimony.

10. On September 23, 2021, School District Chief Financial Officer Karen DeFrancis sent Petitioner the following email (with copies to Supervisor Amy Allen and Payroll Supervisor Lisa Foote among others) explaining how the now tuition-based apprenticeship program would operate in the 2021-22 school year:

Hi Karen,

Hope you are enjoying your semi-retirement!

The Apprenticeship Program was approved as a program of the District similar to how the Adult Ed and Drivers Ed programs were accounted for when those programs were active in the District. They are considered special revenue funds...and will be reported on our financial statements. Since it is a program of the District, the policies and procedures of the District need to be followed. The funds will be deposited into the District bank account and both revenues and expenditure[s] will be accounted for through the MUNIS financial system. We will give the program its own project code to track easily, similar to what we do with grants. The salaries will also need to follow our policies/procedures. The employees of the program are considered non-affiliated personnel and therefore were given a raise in accordance with the Board approval of non-affiliated employees, which was 1.87%. I recall in the past this being an issue with [the salaries for] certain positions that were not competitive with the other programs in the State. If you feel this is the case a separate recommendation will need to go to the Finance Committee. The budget that went in front of the Finance Committee was just for planning purposes and not an approval to go above the Board approved raises. Also if Wanda's position is going to change to a

higher level position (Operations Administrator) with a higher salary, that will need to go through the Policy Committee as a new position and then be posted, which Wanda can apply for.

Please let me know if you have any questions. I have copied a few people on this email to keep them in the loop.

Tab 3 G.

11. On September 22, 2021, the day before the instructional email from CFO DeFrancis, Petitioner was also instructed by the School District Assistant Business Administrator as to the numerical code she should use for her timesheets and told to “please be sure you are clearly showing where your hours should be charged so that payroll is able to process your timesheets.” Tab 3, J.

12. For each of her part-time positions, Petitioner filled out separate, weekly time sheets. Petitioner Hearing Testimony. The apprenticeship program time sheets were created for Petitioner by School District Accounting Technician Diane Phaneuf (Tab K-4b) and Petitioner’s weekly total hours were approved by Manchester School District Supervisor Amy Allen and, at some subsequent point, by Assistant Superintendent Ransdell. Tab 2 N-1, Tab 2 N-2, Exh. 3 at 2, Petitioner Hearing Testimony.

13. The amount of Petitioner’s bi-weekly paycheck from the School District was based on the hours reported in these two time sheets. Petitioner Hearing Testimony.

14. In addition, it was Petitioner’s understanding that the School District would also use the time sheets to keep track of her combined hours for these two positions to avoid Petitioner exceeding the 1352-hour cap for retirees. Petitioner Hearing Testimony. If Petitioner, as apprenticeship program Director, was not working as an employee of the Manchester School District, there would be no reason for the School District to include Petitioner’s hours as Director when applying the 1352-hour annual cap.

15. Because Petitioner was working a total of 30 hours, part-time per week for the School District, she would exceed the cap if she worked more than 44 full weeks during a calendar year. Because Petitioner was a full-time employee until July 2021, Petitioner did not work enough weeks as a part-time employee in calendar year 2021 to exceed the 1352-hour cap for NHRS retirees.

16. During all of calendar year 2022, Petitioner was paid by the School District via one bi-weekly paycheck that combined her hours of employment for each of her two positions and that included withholding for federal income tax, Medicare and FICA. Tab 2 O-1, Tab 2 O-2, Petitioner Hearing Testimony.

17. Petitioner, like all other apprenticeship program employees, received a W-2 form from the School District for the 2022 tax year, with Petitioner's W-2 form being based on her combined compensation for both of her part-time positions. Exh. 2 at 4, Exh. 3 at 4, Petitioner Hearing Testimony.

18. The Manchester School District reported and remitted Petitioner's 2022 income tax, Medicare and FICA withholding amounts under the School District's IRS Employer Identification Number. Exh. 2 at 6.

19. Petitioner, like all other apprenticeship program employees, was covered as an employee under the Manchester School District's workers compensation insurance. Exh. 2 at 6.

20. As part of her duties as Director, Petitioner made factual reports to the Manchester School Board and, beginning with at least the 2022-23 school year, submitted a proposed annual budget for the apprenticeship program for the Board's approval. Tab 3 A-1, Petitioner Hearing Testimony.

21. For example, on August 10, 2022, Petitioner reported in writing to the School Board's Committee on Finance & Facilities that the apprenticeship program had "a successful year of working independently of state grants with a June 30, 2022 balance of \$25,469.11." Tab 3 A-1, Tab 3 B-1 and 2. In addition, Petitioner reported the following additional operational information to the Committee:

In Summary: The apprenticeship program had 127 students enrolled last year, possibly more due to COVID restrictions being lifted and more workers entering the workforce....Our end of the year balance from last year was over \$25,469.11. This cushion of funds will help to offset any emergencies that might arise. We are still seeking to find 2 new plumbing teachers. The salary listed is at the maximum amount in case we have a former instructor return.

Tab 3 A-4.

22. At that same Committee meeting, Petitioner presented a proposed budget for the 2022-23 school year that included a list of the names and positions of all "employees", including the Petitioner, with a detailed breakdown of their hourly wage, hours per week, yearly salary, benefits and total cost per employee per year. Tab 3 A-3. The budget also included the costs of various "activities" including postage fees, general supplies, books, technology for support staff and costs of "rental land and buildings". Tab 3 A-3.

23. The rent paid relative to the use of Manchester School of Technology facilities was drawn on an account that was in the name of the "Manchester School District-SAU 37". Tab 3 K-4. The rent allotment for 2022-23 was for the same amount and budgeted in the same manner as in the 2020-21 school year, a time frame during which Petitioner concedes that the apprenticeship program was a School District program staffed by School District employees. Exh. 3 at 1, Petitioner Testimony.

24. The proposed 2022-23 budget also included a “Fiscal Implications” note that stated that “the Manchester School District would need to agree to assist with the financial management of the tuition, requisitions and payroll.” Tab 3 A-1 and 2. The note did not use the term “fiscal agent.” *Id.*

25. On August 17, 2022, after what the record reflects was a detailed question and answer period with Petitioner regarding the 2022-23 budget, the Committee “[o]n motion of Committee Member Soule, duly seconded by Committee Member Potter, ... moved to approve the Apprentice Adult Program for Electrical and Plumbing and forward this item to the full Board [of School Committee]” for approval. Tab 3 A-1 and 2, Tab 3 C-1 and 2.

26. As part of the budget approval process, any raises granted to apprenticeship program employees could not exceed the City of Manchester’s tax cap percentage applicable to all School District employees. Tab 3 G; Petitioner Hearing Testimony. For example, the 2022-23 program budget included a summary note stating that “all wages of employees who are returning again next year include a 1.87% increase as allowed by the Manchester School Board.” Tab 3 A-4.

27. On August 31, 2022, when School District CFO DeFrancis subsequently informed Petitioner that the tax cap percentage for 2022-23 was 3.57%, the 2022-23 budget’s proposed salary increase was adjusted to 3.57 %. Tab 3 I.

28. In September 2022, Petitioner and apprenticeship program employees signed what are purported to be individual employment “contracts” with the Petitioner in her capacity as Director, including a clearly invalid contract between the Petitioner Karen Machado and the apprenticeship program Director Karen Machado. See Attachment 4. Petitioner presented no evidence that she ever made the School District aware of these purported contacts or that the School District ever consented to or otherwise approved them.

29. Petitioner submitted no evidence that, in comparison to the 2020-21 or 2021-22 school years, the purported contracts had any effect on how the School District paid or supervised Petitioner and the other individual employees working in the apprenticeship program.

30. Despite Petitioner's stating that she "understood" the School District to be the "fiscal agent" for the apprenticeship program (Attachment 4), Petitioner has submitted no evidence that the School District ever agreed to serve in this capacity, executed any documents to this effect or otherwise agreed to limit its involvement with the apprenticeship program in this manner.

31. Petitioner did not receive a Form 1099 for 2022 from the School District and did not make a formal request to revise her status with the Manchester School District from an employee to an independent contractor. Petitioner Hearing Testimony.

32. Petitioner did not pay self-employment tax for 2022 or file an amended tax return revising her status from employee to independent contractor. Petitioner Hearing Testimony.

33. Petitioner presented no evidence to establish that, as of 2022, the "Manchester Apprenticeship Program" was a recognized legal entity that was registered with the Secretary of State's Corporate Bureau to do business in New Hampshire and authorized to contract with individual employees, withhold income and employment taxes and issue W-2 forms.

34. Petitioner presented no evidence to establish that the Manchester School District had entered into a written agreement to serve as the fiscal agent of a legal entity called the "Manchester Apprenticeship Program".

35. Petitioner did not receive any paychecks for her 2022 part-time employment as apprenticeship program Director from any legal entity called the "Manchester Apprentice Program".

36. Petitioner did not receive a W-2 form for her 2022 part-time employment as apprenticeship program Director from any legal entity called the “Manchester Apprentice Program”.

37. Petitioner did not receive a 1099 form for her 2022 part-time employment as apprenticeship program Director from any legal entity called the “Manchester Apprentice Program”.

38. In July 2023, the Manchester School District reported to NHRS that, in calendar year 2022, Petitioner had worked a total of 1528 hours in part-time employment receiving total compensation in the amount of \$106,788.88. Exh. 2 at 3.

39. By letter dated September 28, 2023, NHRS Staff notified Petitioner that because her part-time employment with the Manchester School District had exceeded the statutory maximum allowable amount of 1352 hours, she was subject to forfeiture of the state annuity portion of her retirement allowance for twelve months. Exh. 1, *see* RSA 100-A:1, XXXIV, RSA 100-A:7, II.

40. The September 28, 2023 NHRS administrative decision does not affect the monthly member annuity payable to Petitioner pursuant to RSA 100-A:5, I (b).

41. In early October 2023, Petitioner contacted NHRS Staff by email to provide documentation regarding her role in the apprenticeship program and, thereby, filed a timely appeal of NHRS Staff’s September 28, 2023 administrative decision.

III. LEGAL ARGUMENT

A. NHRS Staff Correctly Determined That Petitioner Was Subject To The State Annuity Forfeiture Requirement of RSA 100-A:7, II.

1. Petitioner is an NHRS retiree who worked more than 1352 hours for a participating employer in calendar year 2022.

RSA 100-A:7, II provides as follows:

Any retired member who, in any calendar year, works part-time for one or more participating employers and exceeds the maximum permitted hours as provided in RSA 100-A:1, XXXIV, shall forfeit the state annuity portion of his or her retirement allowance, and any allocable cost of living adjustments, with such forfeiture commencing as soon as administratively feasible in the next calendar year and continuing for a period of 12 months.

RSA 100-A:7, II.

It is undisputed that RSA 100-A:1, XXXIV sets the “maximum permitted hours” for NHRS retirees at 1352 per year and that Petitioner’s combined part-time hours exceeded this statutory cap. In such circumstances, NHRS Staff is mandated to apply the forfeiture provision of RSA 100-A:7, II. Although she was the Director of the School District’s apprenticeship program throughout calendar year 2022, Petitioner seeks to avoid forfeiture by asserting that she did not perform that role in the capacity of a Manchester School District employee. Petitioner asserts, instead, that she was an independent contractor or, in the alternative, an employee of the “Manchester Apprenticeship Program”.

Petitioner concedes that through the end of the 2020-21 school year the apprenticeship program was a program of the School District staffed by part-time School District employees but argues that the program’s legal relationship with the School District changed prior to the 2021-22 school year when the program funding was changed from “grant based” to “tuition based”.

Petitioner claims that, despite the lack of any formal legal process or documentation, the School District's longstanding apprenticeship program was somehow transformed, at that time, into the independent "Manchester Apprenticeship Program" with the School District, again without any supporting legal agreement or documentation, becoming merely the program's "fiscal agent".

The reality of the situation is that, although a formal change of this nature to the program's relationship to the School District could have happened with the agreement of the parties and the execution of appropriate legal documents¹, the School District never agreed to Petitioner's characterization of the relationship and their employment relationship did not, in fact, change. As early as a September 23, 2021, CFO DeFrancis made it clear to Petitioner in an email that, despite the change in funding source, the apprenticeship program remained a "program of the District" and that, as a result, the program would continue to have to follow "the policies and procedures of the District". Tab 3 G.

In that same email, CFO DeFrancis also informed Petitioner that program funds would be considered "special revenue funds" to be reported on the District's financial statements and "deposited into the District bank account". *Id.* In addition, the employees involved in the program would be considered to be "non-affiliated" (non-union) personnel whose salaries would be subject to School Board approval as well as the City of Manchester's tax cap. Further, any raise in salary above the tax cap percentage would first need to be approved by the Policy Committee with a "new position" being created which would then have to be posted for potential applicants. *Id.* In addition, although the Petitioner may have disagreed, both the importance and

¹ The hearing testimony of Eric Frauwirth, CTE Director at Alvirne High School, is instructive on this point as he testified that the Hudson School District has elected to provide personnel in the Alvirne High School electrical apprentice program a 1099 Form as independent contractors. Eric Frauwirth Hearing Testimony; *see* Tab 6 D (letter from Frauwirth explaining that, in Hudson, the school district operates the electrical apprenticeship program and program personnel "are hired and paid as independent contractors and issued 1099 forms").

the finality of CFO DeFrancis's conclusions on these issues was made clear by her decision to copy relevant School District staff on the email to "keep them in the loop". *Id.*

Consistent with this position, the School District continued to pay Petitioner and all other program employees as School District employees throughout the 2021-22 and 2022-23 school years. As such, the School District continued to report the payments under the School District's Employer Identification Number, make the necessary federal withholdings and annually provide each employee with a W-2 form for income tax purposes. Similarly, Petitioner accepted the W-2 forms she received each year and took no action to receive a 1099 form or amend her federal tax returns to establish her claim of independent contractor status.

In addition, Petitioner both reported to the Manchester School Board on the operations of the apprenticeship program and submitted an annual budget for its approval. *See* Tab 3 A-F. Petitioner's proposed 2022-23 budget included a "Fiscal Implications" note that stated that "the Manchester School District would need to agree to assist with the financial management of the tuition, requisitions and payroll." Tab 3 A-1 and 2. The Note did not use the term "fiscal agent" and the fact that the School Board ultimately approved the budget and the School District continued in its longstanding role as employer to "assist with the financial management of tuition, requisitions and payroll", does not constitute "approval" by the School Board or the School District of a revised, limited relationship with its apprenticeship program.

Petitioner relies on the Minnesota intermediary appellate case of *Bushard v Independent School District #833*, to support her claim that she is not an employee of the Manchester School District because it, allegedly, is merely the fiscal agent of the "Manchester Apprenticeship Program". Initially, it should be noted that the decision reached by the court in *Bushard* was simply that there was a genuine issue of fact as to whether Bushard was an employee of ISD

#833 or “the Collaborative”, an interagency organization funded by various state and private grants. *Bushard v Independent School District #833*, 2001 Minn. App. LEXIS 62 *1-7; 2001 WL 32805 (Minnesota Court of Appeals 2001).² There is no dispute that Petitioner has raised a factual issue regarding the identity of her employer, however, the factual record of this proceeding establishes that Petitioner’s employer is the Manchester School District.³

In addition, the underlying facts of *Bushard* demonstrate some of the key factual elements that are missing from Petitioner’s claim here. *Bushard* involved “the Collaborative”, an organization of four private agencies and a public school district that had been created by a written “interagency agreement” that also provided that ISD #833 would serve as the Collaborative’s fiscal agent. In Petitioner’s case, however, no comparable organizational document exists. Although a legal agreement could have been entered into to create an independent “Manchester Apprenticeship Program” with Petitioner as its Director and the Manchester School District serving as its fiscal agent, an agreement of that nature simply did not happen. Indeed, as the September 23, 2021 email from CFO DeFrancis makes clear, the School District was maintaining control of its apprenticeship program despite the change from grant-based to tuition-based funding. Tab 3-G.⁴

As such, in light of the history of the apprenticeship program’s connection to the School

² For the record, the *Bushard* opinion contains the following notice: “THIS OPINION WILL BE UNPUBLISHED AND MAY NOT BE CITED EXCEPT AS PROVIDED BY MINNESOTA STATUTES.” (emphasis in original).

³ Petitioner also cites the West Virginia case of *Parker v Summers County Board of Education*, but as in that case there was no dispute that the board of education had agreed to serve as a fiscal agent for a four county, federally funded, Adult Basic Education program that had been created by the West Virginia Department of Education, it is of little relevance to the facts of the present case. See *Parker v Summers County Board of Education*, 185 W. Va. 313, 314-16 (1991).

⁴ NHRS Staff disagrees with Petitioner’s assertion in footnote 6 of her memorandum that the program budget approval documents set forth at Tab 3 A-F constitute the formal “approval” or “endorsement” of Petitioner’s contention that the School District’s role relative to its apprenticeship program is limited to that of “fiscal agent”. Moreover, Petitioner’s assertion is directly refuted by CFO DeFrancis email of September 23, 2021. See Tab 3 G.

District and the School District’s clear intent to maintain an employer-employee relationship with program personnel, it is not necessary to perform the common law employment analysis suggested by Petitioner. However, as demonstrated in Part III, A, 2 of this memorandum, if such an analysis is performed it would lead to the same conclusion: Throughout school years 2021-22 and 2022-23, which fully encompasses calendar year 2022, the Manchester School District continued to have an employer/employee relationship with Petitioner, just as it did with all other apprenticeship program personnel.

2. As Director of the Manchester School District’s apprenticeship program, Petitioner, under common law standards, was an employee of the School District throughout calendar year 2022.

For purposes of determining eligibility for NHRS membership, RSA 100-A:3 provides that “[a]ny person who becomes a teacher, permanent policeman, or permanent fireman...working in a position for an employer under this chapter as determined by common law standards, shall become a member of the retirement system as a condition of employment.” RSA 100-A:3, I. As membership service is not at issue in this appeal, RSA 100-A:3 could, arguably, have no application to NHRS Staff’s enforcement of the forfeiture requirement of RSA 100-A:7, II because Petitioner clearly “worked part-time”, to some extent, for the Manchester School District in 2022. *See* RSA 100-A:7, II.

However, assuming *arguendo* that Petitioner’s assertion that common law standards should be used to determine whether RSA 100-A:7, II is applicable to Petitioner is correct, the New Hampshire Supreme Court has instructed that the test in Restatement (Second) of Agency Sect. 220, “which considers the totality of the circumstances” has been “used numerous times in New Hampshire in various employment contexts.” *LaVallie v. Simplex Wire & Cable Co.*, 135 N.H.

692, 695-96 (1992) citing *Kassel v. Gannett*, 875 F.2d 935, 942 (1st Cir. 1989) (citing New Hampshire law) (whether worker was employee or independent contractor); *Merchants Ins. Group v. Warchol*, 132 N.H. 23, 27-28, (1989) (whether worker was employee or subcontractor); *Samaha v. Grafton County*, 126 N.H. 583, 586 (1985) (determining who was employee's employer); *Swiezynski v. Civiello*, 126 N.H. 142, 145 (1985) (whether a partner is an employee); *Burnham v. Downing*, 125 N.H. 293 at 295-96 (whether worker was employee or independent contractor); *Currier v. Abbott*, 104 N.H. 299, 303 (1962) (borrowed servant); see *In re City Cab*, 139 N.H. 220, 221 (1994) (applying, in workers compensation context, Lab 101.05 setting forth “essentially the same” test as in the Restatement (Second) of Agency § 220).

Under the Restatement’s totality of the circumstances test, “[n]umerous factors are considered, with the presence or absence of one or more factors not necessarily conclusive as to the existence of an employee versus an independent contractor relationship.” *Burnham v. Downing*, 125 N.H. at 295-96 (1984). “The determination that the relationship existing between the parties was or was not that of employer/employee, therefore, depends upon the facts of each case.” *Id.* Notwithstanding Petitioner’s argument to the contrary, the totality of the facts of this case demonstrate that the Manchester School District was Petitioner’s employer and that Petitioner was acting as an employee of the School District when performing her part-time role as Director of the School District’s apprenticeship program.

Among the relevant facts, as set forth in more detail in Part II of this memorandum, establishing that Petitioner was a School District employee and not an independent contractor are the following:

1. The apprenticeship program had, for decades, been a School District program under the grant-based funding system and, accordingly, was part of the regular business of the employer;

2. In 2021, the Director position was offered to Petitioner by School District Assistant Superintendent Ransdell and Petitioner subsequently appeared before the Manchester School Board to obtain its approval of her role as Director of the apprenticeship program;

3. In 2021, School District CFO DeFrancis provided Petitioner with detailed instructions regarding the operation of the apprenticeship program under the new, tuition-based funding system, including:

a) That the apprenticeship program was approved as a program of the School District with the tuition payments being considered to be special revenue funds that would be reported on the School District's financial statements.

b) That the program would remain a School District program that followed its policies and procedures with program personnel being non-affiliated employees so there was no question as to the nature of the relationship that School District was creating;

c) That the tuition payments would be deposited into the School District's bank account and that the apprenticeship program needed to follow School District policies and procedures;

d) That the salaries of program personnel, including Petitioner, were limited by the City of Manchester's tax cap; and

e) That any new positions would need to be approved by the Policy Committee and be publicly posted for non-program applicants;

4. Petitioner was required to submit weekly timesheets that were subject to the approval of School District supervisory personnel;

5. Petitioner submitted annual informational reports to the School Board as well as an annual budget for the Board's consideration and approval;

6. Petitioner submitted bi-weekly time sheets for her work as Director that were reviewed and approved by School District personnel⁵;

7. The School District issued Petitioner's paychecks, reported and remitted Petitioner's income tax, Medicare and FICA withholding amounts and provided Petitioner with the requisite W-2 forms for employee income⁶;

8. Petitioner did not receive a Form 1099 from the School District and did not pay self-employment tax or file an amended tax return for 2022 to revise her status from employee to independent contractor. *See Hamel Real Estate v. Shepherd*, 121 N.H. 733, 735 (1981) (fact that defendant "paid all of her own income and FICA taxes" supported conclusion that she was an independent contractor).

As to Petitioner's alternative claim that she was an employee of the "Manchester Apprenticeship Program", the hearing record is virtually devoid of any facts to support such a relationship. For example, Petitioner presented no evidence to establish that the "Manchester Apprenticeship Program" was a registered legal entity that was authorized to contract with and employ individuals, withhold income and employment taxes and issue them W-2 forms.

Petitioner also did not, in fact, receive any paychecks or W-2 forms from any legal entity called the "Manchester Apprentice Program".

⁵ Petitioner makes much of the fact that the School District chose to not closely supervise her day-to-day operation of the apprenticeship program, however, prior to the 2021-22 funding change, the School District, acting through Timothy Dow as Director, also chose to not exercise its authority to closely supervise the day-to-day operation of the apprenticeship program. *See Aurelian Ricardo Hearing Testimony, Louise Boutin Hearing Testimony.*

⁶ Petitioner's reliance on the fact that apprentice program personnel do not pay retirement contributions is misplaced as part-time employees are ineligible to participate in the NHRS. *See RSA 100-A:3, RSA 100-A:1, VI* (defining "Teacher" for purposes of RSA 100-A:3).

Accordingly, as the hearing record makes clear, Petitioner has failed to meet her burden of proving her claim that, during the 2022 calendar year, she was an independent contractor for the Manchester School District or was employed by an entity other than the Manchester School District.

IV. Conclusion

For the foregoing reasons, NHRS Staff properly applied the forfeiture requirement of RSA 100-A:7, II to Petitioner and, as a result, her appeal of NHRS Staff's September 28, 2023 administrative decision should be denied.

Respectfully submitted,

/s/ Peter T. Foley, Esq.

Peter T. Foley, Esq.
NH Bar Number 828
P.O. Box 2753
Concord, NH 03302
603-303-8176
foleypt@coomcast.net

CERTIFICATION

I certify that a copy of the foregoing pleading will be electronically mailed, this day, to counsel for the Petitioner.

/s/ Peter T. Foley, Esq.

New Hampshire Retirement System

In the Matter of Karen Machado

Docket 23-12

APPELLANT’S REPLY MEMORANDUM

The NHRS Staff Post-Hearing Memorandum [“NHRS Memo.”] relies on mistakes of law and fact to arrive at its conclusions, that NHRS Staff properly applied the forfeiture requirement of RSA 100-A:7, II to Appellant and that her appeal of NHRS Staff’s forfeiture decision should be denied. In support thereof, the Appellant states as follows.

I. Mistakes of Law/Misapplied Law to Fact

NHRS Staff argues in sum that because there is no formal document establishing that the Manchester School District [the “District”] is fiscal agent for the Apprenticeship Program [the “Program”], the fiscal agency relationship did not exist and that therefore the Appellant must have worked parttime for the District in her capacity as Program Director as a purported “non-affiliated employee” such that she exceeded the hour limit set in 100-A:7. NHRS Memo. pp 10-18. This argument fails for multiple reasons.

First, there *are* “formal” documents showing highest-level, District-authority acknowledgment of the District’s fiscal agency. Appellant Tab 3A-1 shows the Superintendent of Schools and School Board Chair executing an “action” stating that the District will assist the Program “with the financial management of tuition, requisitions, and payroll,” which are precisely “fiscal agency” responsibilities. See CMI Cap. Mkt. Inv., LLC v. Municipality of Bayamon, 410 F. Supp. 2d 61, 70 (D.P.R. 2006)(defining fiscal agent as an institution that collects and disburses money on another’s behalf). See Bushard v. Indep. Sch. Dist. #833, No.

C1-00-836, 2001 WL 32805, at *2 (comparing fiscal agency duties to “authority to monitor and manage a corporate entity in receivership,” though the entity holds the employment relationship with its employees.) At Appellant Tab 3D-1, the words “fiscal agency” are explicit in the “formal” documents; the Superintendent of Schools and Board Chair approve the action document stating “there is no fiscal impact to the Manchester School District. The School District is the **fiscal agent** for the program. The Manchester School of Technology is compensated for use and supply costs at a rate of \$800 per month.” Emphasis added.

Second, NHRS Staff fails to cite any authority for its proposition that, in the absence of such legal document memorializing a fiscal agency relationship, the District must not have been a fiscal agent and must necessarily have been an employer for whom the Appellant “worked” within the meaning of RSA 100-A:7. See NHRS Memo. 11. NHRS Staff cites no authority because, to the contrary, the weight of legal authority establishes that whether the Appellant “work[ed] part-time” for the District, for the purpose of RSA 100-A:7 establishing penalty for “**work[ing] part-time for one or more participating employers,**” is a totality-of-the-facts question that focuses largely on whether the District as an employer conscripted, paid for, supervised, and benefitted from the Appellant’s work. By extension the question of whether the District was merely a fiscal agent is fact based question pivoting on whether the District actually held Appellant and other Program employees to the duties of its “non-affiliated” employees and bestowed benefits in kind, or whether it acted primarily instead as a retained financial manager/landlord and business partner.

It is undisputed that the verb or conduct of “work” or “working for” as used in 100-A:7 is not defined anywhere else in RSA 100-A. When a term is not defined in a statute we look to its common usage, using the dictionary for guidance. Appeal of Michele, 168 N.H. 98, 123

(2015)(citing Webster’s Third New International Dictionary). Webster’s Third defines the verb “work” to mean “to exert yourself in order to do or make something; do work; labor; toil” and additionally “to be employed.” “Employ” defined by the same source means “to provide work and pay for” and “to engage the services of or labor for pay.”

There should be little doubt reviewing the evidence submitted at Hearing and attached to Appellant’s Hearing Memorandum [“Appellant Memo.”] that the Appellant was not “exerting herself to make something” for the *District* and its constituency, K-12 students. Rather, the preponderance of the evidence shows that she toiled in service to the statewide, adult and trade-employer targeted *Program*, see Appellant Memo. Machado Affidavit Exhibit D, after she learned that the State would no longer support the Program, see Appellant Tab 2A-3, and consequently that it would cease to exist at all, much less have a relationship of any kind with the District. At this point, when the Program was going to be a non-entity, which is undisputed by NHRS Staff and clear from the evidence and testimony, the *Appellant*-retiree, not the District, took the initiative to change the then status quo, of no relationship with the District, to save the Program by: 1) exclusively undertaking all operational decision-making herself (whereas before some operational duties were undertaken by the State, not the District), see Testimony of Appellant, Eric Frauwirth, and Louise Boutin; and 2) by newly and actively conscripting and soliciting the District, as opposed to the State, only fiscal (financial) administrative service in order to replace this service lost when the State discontinued its support, see Appellant Reply Affidavit and Appellant Tabs 3A and 3D.

When analyzing this evidence guided by the definition of “work, parttime,” construed in accordance with dictionary definition as we are directed to do under New Hampshire caselaw, a preponderance of the evidence shows that the District did not “provide [Appellant] work and pay

for it” for District benefit, and it did not seek to “engage her services of labor for pay” by the District (from District funds) and for District benefit. It is plain from the record that, to the contrary, the Appellant solicited *the District* to lease a space and financially administer to the Program in order to keep it alive and to benefit the *Program*, not the District. See Appellant Tabs 3A and 3D, Appellant Testimony, Appellant Reply Affidavit. It is further evident that the Appellant worked on behalf of the Program, not the District, to procure all funds for the Program’s survival, which funds the *Appellant*, not the District, procured from sources entirely independent of the District and its constituency. NHRS memo. at pp. 10,11, 13 concedes the Program was self-funded. These funds that the *Appellant* collected exclusively for the Program *and not the District* were only deposited in a separately maintained, District “special revenue” account for financial administrative purposes for the Program and only the Program. There has been no evidence of any City or District contribution or funding whatsoever for the Program, in its entire history, nor any evidence of City or District funds comingling in the separate account maintained for financial administration of the Program.

NHRS Staff seems to be arguing that because the Program funds were maintained in a District “special revenue account” that this indicates that the Program’s employees are District employees. See NHRS Memo. at p. 11 (arguing that “CFO DeFrancis also informed Petitioner that program funds would be considered ‘special revenue funds’ to be reported on the District’s financial statements and deposited into the District bank account” to support that Appellant worked for the District.) However, by this logic, the employees of every entity listed on the District’s “special revenue fund” chart at Appellant Memo. Attachment 2 would be District employees, including those working at “Lesley University”, “Dunkin Donuts”, “Great NH Restaurants”, and “Lowes.”

Third, the NHRS Memo avoids discussion of Parker v. Summers Cnty. Bd. of Educ., 406 S.E.2d 744, 746–47 (1991), see p. 13, FN 3, because doing so would only highlight that the District has not actually treated the Appellant like a “non-affiliated” District employee, which would obviously undermine NHRS Staff’s argument that Appellant *was* a non-affiliated District employee so as to obtain forfeiture. See NHRS Memo. p. 11.

NHRS Staff dismisses Parker in a footnote, writing: “in that case there was no dispute that the board of education had agreed to serve as a fiscal agent for a four county, federally funded, Adult Basic Education program that had been created by the West Virginia Department of Education, [meaning] it is of little relevance to the facts of the present case.” NHRS Memo. p. 13, FN 3. However, there certainly *was* a dispute in Parker over whether Parker was employed by a program or by a school district with a relationship with the program, and there was not in that case “agreed” fiscal agency. Parker v. Summers Cnty. Bd. of Educ., 406 S.E.2d 744 (1991) The word “agree” does not appear in the decision. Id. Rather, the case analyzed “the appellee [Parker] maintaining that she was an employee of the [school] Board during her employment as the secretary of the ABE program” and “appellant’s argu[ment] that the Board was not the appellee's employer, but was merely acting as a fiscal agent for the state ABE program which served four counties.” Id. at 746. The Court analyzed “evidence presented” to the hearing “revealing that the ABE program by which the appellee was employed was a four-county federally funded adult education program” and that “the headquarters of the ABE program were established in Summers County because the director of the four-county program resided there” to conclude that “the Board in Summers County, therefore, **acted as** a fiscal agent for the ABE program on behalf of the division of vocational education of the state board of education.” Id. (emphasis added).

Parker was similarly-situated to the Appellant; Parker was an employee of a self-funded adult basic education program that was financially administered by a school district. Distinctly from the Appellant, Parker argued that she was nevertheless a district employee because she wanted to avail of district vacation pay benefits; she sought a cash-out of unused vacation days pursuant to *district* employment policy. Id. at 745. The Parker court denied this relief, determining that the employee worked for the adult education program that was served by the district acting as fiscal agent and that she did not work for the district entitling her to district benefits. Id. at 746. The Appellant asks NHRS to make a similar ruling in this case, and NHRS Staff objects without legitimately distinguishing Appellant from Parker.

NHRS Staff relies on a label applied to Appellant, “non-affiliated” District employee, to support its argument that Appellant “worked for” the District within the meaning of 100-A:7. NHRS Staff, though, has not shown how the District afforded Appellant the benefits of non-affiliated employment, and record evidence shows that the District did not treat the Appellant under District policies like a non-affiliated employee.

For example, at Attachment 1 to this Reply is the District’s paid vacation accrual policy for non-affiliated employees, stating, at page 18 of the District Employee Handbook, that a non-affiliated employee will get a letter identifying the rate at which she will accrue paid vacation. See also Appellant Reply Attachment 2 (City policy promising vacation accrual for non-affiliated employees). The Appellant has gotten neither a letter nor any paid vacation since becoming Program Director in the 2021-2022 school year. See Appellant Memo Attachment 3 (personnel file showing no engagement or offer letter). See Appellant Reply Affidavit (Appellant attesting to receiving no vacation pay as Program Director nor any Program employees receiving vacation pay). New Hampshire Department of Labor Rules 803.03 and 802.08 require the

District to issue a letter to a new, non-affiliated employee, outlining the terms and conditions of non-affiliated employment, to be preserved in the employee's personnel file.

Appellant has never been told by any District employee that Program employees, as non-affiliated employees, accrue vacation time. See Appellant Reply Affidavit. No Program employee to Appellant's knowledge has been notified by the District of any vacation accrual, or any other benefits or responsibilities of non-affiliated employment. Appellant has never been trained by the District do as to ensure Program compliance with any of its policies for non-affiliated employment including those related to workers compensation benefit rights, FMLA-leave taking rights, or pregnancy disability leave rights under RSA 354-A to which all District employees, affiliated or otherwise, are entitled.

The Appellant and Program employees have not been do notified, trained or benefitted because the District does not, actually, view them to be employees.

II. Disputed Material Facts

Appellant disputes the following material facts, listed at Section II of the NHRS Memo. See generally Appellant Reply Affidavit for support for the disputed facts below.

NHRS Memo ¶ 3

From the 2010-11 school year through the 2015-16 school year, Petitioner was paid an extra hourly stipend, in addition to her salary as Principal, to manage the School District's adult education and apprenticeship programs. Petitioner does not dispute that she performed these additional duties as an employee of the Manchester School District.

Here NHRS is missing the material fact that Appellant performed these duties as Adult Education Director to end of school year 2016, and at the time the Program was under the umbrella of a District Adult Education Department, along with other adult programs such as

GED prep, citizenship classes, and English as a Second Language. Importantly, the District ended its Adult Education Department in 2016 such that the Program had a different relationship with the District afterward.

NHRS Memo ¶¶ 4-6

From the 2016-17 school year through the 2020-21 school year, a different School District employee, apparently Timothy Dow, was the Director of the adult education and apprenticeship programs.

Both prior to and throughout this time frame, the apprenticeship program was funded by a grant that the School District received from the State Department of Education. In March of 2021, Petitioner first learned that the Department of Education apprenticeship grant program was going to be terminated in advance of the 2021-22 school year so that the apprenticeship program would instead have to be financed exclusively through student tuition payments.

NHRS Staff's description of the Program history, its management and funding source, is inaccurate.

After 2016, the Program began to be funded under an Alternative Education grant from the New Hampshire Department of Education. The Alternative Education grant additionally supported an educational program for high school students that were not reaching competency in the traditional high school curriculum and environment. These children were housed in a self-contained classroom during the day and were supervised by an administrator, of which Timothy Dow was just one (the last). To reiterate, Timothy Dow oversaw daytime, high school curriculum, and had no authority or responsibility for the Program which was at night and which was for adult learners.

From 2016 through 2021, the Program was instead supervised by Wanda Fratus at night. Ms. Fratus, a paraprofessional by background, contacted Appellant in 2021 to inform her that the State of New Hampshire would no longer be assisting in management of the Program at the end of the school year, and that she was not capable of securing funding, operating, and financially administering to the Program in the State's absence. Ms. Fratus advised that consequently the Program would end. This prompted Appellant to generate a funding and operating scheme, and to pursue from the District financial agency services only.

NHRS Memo ¶ 7

In August 2021, Petitioner accepted two part-time positions with the Manchester School District, one that involved part-time employment during the school day and the other that involved part-time employment in the evening.

Denied. Appellant never “accepted two part-time positions with the District.” Appellant solicited District fiscal agency for the Program for which she intended to work. The District agreed to such fiscal agency and had no management, control, or supervisory authority over the Program such that it did not comport with its own policies for employee supervision and benefits.

NHRS Memo ¶ 9

During the evening, Petitioner worked as the Director of the School District's apprenticeship program. The position had been offered to Petitioner by Assistant Superintendent Forrest Ransdell and, as stated by Petitioner to the School Board's Committee on Finance & Facilities “upon her retirement in June of 2021, [Petitioner] came to...[the Manchester School] Board to request to become the program administrator.” Apparently that request was approved as thereafter, Petitioner began working 10 hours per week as program Director.

Denied that the Appellant worked for “the School District’s” apprenticeship program. Denied that the position “was offered to” Appellant. The Assistant Superintendent did not know the Program existed until Appellant advised that it would be ending unless she undertook funding and management of the Program. There is absolutely no evidence in Appellant’s personnel file of any offer or engagement letters prepared by the District despite legal requirements for same. The Committee’s approval was in line with District approval of business relationships with independent entities.

NHRS Memo ¶ 10

On September 23, 2021, School District Chief Financial Officer Karen DeFrancis sent Petitioner the following email (with copies to Supervisor Amy Allen and Payroll Supervisor Lisa Foote among others) explaining how the now tuition-based apprenticeship program would operate in the 2021-22 school year: [DeFrancis email reprint]

The DeFrancis email speaks for itself, however, notably NHRS did not call DeFrancis to testify which would have exposed her to cross-examination on the email’s contents.

The Appellant denies the truth of statements made in the DeFrancis email. Particularly denied is the statement that “policies and procedures of the District” were followed by the District. In addition to the lack of benefits being afforded to non-affiliated employees that has been discussed supra, the District also did not pay Ms. Fratus, Appellant, or any of the Program employees in line with its established pay scheme.

Prior to Appellant becoming Program Director in 2021, Ms. Fratus was paid the District paraprofessional rate, \$24/hour. This rate was outrageously low given her responsibilities as Program manager and given that the trade professionals she was supervising in the plumbing and electrical departments of the Program were making \$48/hour. No trade professional would be

paid far less than their ordinary plumbing or electrical rate to work for the Program, either as an administrator within the Program departments or as an instructor.

Appellant consequently raised Ms. Fratus' pay from her former pay (determined according to District pay scale) to \$48/hour. She did this in the budget she prepared for the Program. At Appellant's direction, the District as fiscal agent paid the new rate.

Appellant similarly raised her own pay from the District stipend amount of approximately \$24/hour to match the Program's plumbing and electrical administrator pay. She included this new pay in the budget she prepared for the Program. At her direction, the District paid the new rate.

NHRS Memo ¶¶ 11-14

On September 22, 2021, the day before the instructional email from CFO DeFrancis, Petitioner was also instructed by the School District Assistant Business Administrator as to the numerical code she should use for her timesheets and told to "please be sure you are clearly showing where your hours should be charged so that payroll is able to process your timesheets."

For each of her part-time positions, Petitioner filled out separate, weekly time sheets. Petitioner Hearing Testimony. The apprenticeship program time sheets were created for Petitioner by School District Accounting Technician Diane Phaneuf and Petitioner's weekly total hours were approved by Manchester School District Supervisor Amy Allen and, at some subsequent point, by Assistant Superintendent Ransdell.

The amount of Petitioner's bi-weekly paycheck from the School District was based on the hours reported in these two time sheets. Petitioner Hearing Testimony.

In addition, it was Petitioner's understanding that the School District would also use the

time sheets to keep track of her combined hours for these two positions to avoid Petitioner exceeding the 1352-hour cap for retirees. Petitioner Hearing Testimony. If Petitioner, as apprenticeship program Director, was not working as an employee of the Manchester School District, there would be no reason for the School District to include Petitioner's hours as Director when applying the 1352-hour annual cap.

Denied. NHRS is materially wrong about "approval" of Program timesheets and the Appellant inquired about the cap because the District made conflicting representations about the cap causing the Appellant to investigate which were accurate and which were false.

Timesheets for Program staff, except for Appellant's, were completed and approved by Appellant. The information from the Program timesheets that Appellant approved was simply entered into School District payroll software. The employee responsible for the data entry was District Payroll employee, Joann Monsen. Appellant's timesheet, for hours worked in service to the Program, was completed by Appellant and forwarded to District Assistant Superintendent, Amy Allen. At no time during Appellant's tenure as Program director did Allen or any District employee attempt to verify Appellant's hours worked. Timesheet submission was rubber stamped by the District acting as fiscal agent.

Manchester School of Technology Accounting Technician, Diane Phaneuf, processed only Appellant's timesheets for her work for the District as consultant. The different people responsible for the sheets' processing only highlights the distinct positions held by Appellant.

Appellant understood that there was an NHRS-related cap on hours worked for the District. The District expressed the cap in terms of "no more than 30 hours a week."

Appellant, completing separate timesheets for each position and submitting to different people, did not perceive she was exceeding the cap because she understood the cap to be "30

hours a week” and she was not exceeding 30 hours a week in consulting work or in the two positions combined (however improperly).

When Appellant was notified that she had exceeded the cap the cap was expressed in different terms – 1,352 hour annually. Appellant contacted the District to discuss the difference between “30 hours a week” and “1,352 hours annually.”

The District informed that it had overlooked that Appellant was working year-round, as opposed to a teacher’s ten-month schedule, and that it had consequently made a mistake communicating the cap to Appellant in terms of “30 hours a week.” The District explained that “30 hour a week” is only mathematically equivalent to the “1,352 hours annual” cap in cases of a teachers who only work ten months annually.

NHRS MEMO 23 ¶

The rent paid relative to the use of Manchester School of Technology facilities was drawn on an account that was in the name of the “Manchester School District-SAU 37.” The rent allotment for 2022-23 was for the same amount and budgeted in the same manner as in the 2020-21 school year, a time frame during which Petitioner concedes that the apprenticeship program was a School District program staffed by School District employees.

Admitted but with the additional fact that in 2020-2021, the Program was funded and managed in part by the State which paid rent to its landlord/business partner, the District. In 2021-2022, the Program was self-funded and managed, and the Program paid rent to its landlord/fiscal agent the District.

III. Conclusion

The Appellant did not work parttime for the District so as to cause her to exceed the cap under RSA 100-A:1, XXXIV and NHRS Staff’s decision should be reversed.

Respectfully submitted,

KAREN MACHADO
By her attorneys
Backus, Meyer & Branch, LLP

Date: October 7, 2024

By: /s/ Megan Douglass
Megan Douglass, Esq. NH Bar # 19501
116 Lowell Street
Manchester, NH 03104
(603) 668-7272
mdouglass@backusmeyer.com

CERTIFICATE OF SERVICE

I certify that the foregoing memorandum and all attachments were delivered to Peter Foley, Esq., via email to foleypt@comcast.net on this date, October 7, 2024.

/s/ Megan Douglass

NEW HAMPSHIRE RETIREMENT SYSTEM

In the Matter of Karen Machado

(Docket #23-12)

NHRS STAFF'S RESPONSE TO PETITIONER'S REPLY MEMORANDUM

Petitioner's Reply Memorandum disputes a number of statements of fact in NHRS Staff's Post-Hearing Memorandum. These fact statements were based on a review of the documentary and testimonial evidence presented as part of the Hearing Record. Petitioner's fact statements in her Reply Memorandum, in contrast, contain no citations to the established Hearing Record and include new factual arguments (*see pp. 6-7*) based on new evidentiary exhibits submitted after the close of the Hearing Record. *See Order, May 28, 2024* (establishing June 14, 2024 as deadline for submission of new evidence). Despite these issues, as NHRS Staff recognizes that this appeal is a matter of great importance to Petitioner and as, throughout the hearing process, Petitioner has acted on a good faith basis to present a large volume of evidence in a factually complex case, NHRS Staff has no objection to the Hearing Examiner's consideration of the new evidentiary exhibits and related factual arguments.

That said, NHRS Staff stands by its interpretation of the Hearing Record and responds, as follows, to the factual challenges asserted in Petitioner's Reply Memorandum relative to two key employment-related issues:

1. Petitioner's Hiring Process

Petitioner challenges NHRS Staff Memorandum of Law, Paragraph 7 which states as follows:

In August 2021, Petitioner accepted two part-time positions with the Manchester School District, one that involved part-time

employment during the school day and the other that involved part-time employment in the evening. Petitioner Hearing Testimony.

This fact statement is supported by Petitioner's testimony in the following two excerpts from the Hearing Recording:

[In August 2021] I came back after I retired. I agreed to work for the Manchester School District as a contract consultant being paid out of a federal grant which is called a Perkins Grant. And the purpose of that was to train and mentor the newly hired principal...I also **agreed to take over the apprenticeship program** because there was no one left in charge.

Hearing Recording, Part 1 at 7:03-7:34 (emphasis added).

So there was nobody in charge of the apprentice program. They had a former para who had left five years before who was trying to direct the program. It was failing. She was ready to quit. We knew it was changing over....I wanted this program to go forward because this program educated and supported hundreds of businesses and hundreds of people. **So they asked me if I would take over the work** just because nobody else knew anything about this. **So I agreed to do that at night.** So, in [2021-] 2022, I worked 20 hours per week during the day as a consultant and 10 hours per week at night as apprenticeship director. And, again, I will show you that I was asked to do that.

Hearing Recording, Part 1 at 7:51-8:44 (emphasis added).

Petitioner also challenges NHRS Staff Memorandum of Law, Paragraph 9 on this issue.

Paragraph 9 states as follows:

During the evening, Petitioner worked as the Director of the School District's apprenticeship program. Exh. 2 at 4, Petitioner Hearing Testimony. The position had been offered to Petitioner by Assistant Superintendent Forrest Ransdell and, as stated by Petitioner to the School Board's Committee on Finance & Facilities "upon her retirement in June of 2021, [Petitioner] came to...[the Manchester School] Board to request to become the program administrator." Tab 3 A-1. Apparently that request was approved as, thereafter, Petitioner began working 10 hours per week as program Director. Petitioner Hearing Testimony.

These fact statements are supported by a combination of Petitioner's hearing testimony set forth above along with Petitioner's Exhibit Tab 3A-1 which includes the quoted language regarding Petitioner's August 10, 2022 written report to the Manchester School Board's Committee on Finance and Facilities.

2. Manchester School District's Continued Control Over Apprenticeship Program

Petitioner challenges NHRS Staff Memorandum of Law, Paragraph 10 which quotes from the September 23, 2021 email from Manchester School District CFO Karen DeFrancis to Petitioner which was included as Tab 3-G of Petitioner's exhibits. As such, Petitioner was well aware of the contents of the email prior to the Hearing and, if she disputed the accuracy of the email, was free to request to have CFO DeFrancis testify as a witness but did not do so. In addition, in response to Petitioner's argument about the alleged failure of the Manchester School District to follow and enforce some of its employment policies, it is clear from the CFO DeFrancis email that, regardless of whether the School District and Petitioner complied with the letter of every School District policy, the School District intended to retain control over its apprenticeship program notwithstanding the 2021-22 change from grant-based to tuition-based funding. *See* NHRS Staff Post-Hearing Memorandum at 10-13.

Although the School District could have chosen to limit its role, after the funding source change, to that of "fiscal agent" it obviously did not intend to do so and Petitioner cannot simply declare the School District to have acted otherwise. In addition, as previously mentioned in NHRS Staff's Post-Hearing Memorandum, unlike the facts of the *Bushard* case cited by Petitioner, there was no formal written agreement, signed by the Manchester School District, to limit its role to that of fiscal agent. *See* NHRS Staff Post-Hearing Memorandum, at 13, fn. 4.

The facts of the *Parker* case, 185 W. Va. 313 (1991), similarly fail to support Petitioner's legal position on this issue as, although the county board of education involved in that case was found by the West Virginia court to have been the fiscal agent of the four-county adult basic education program, the issue that was dispositive in *Parker* was not whether the county board of education was the fiscal agent of the ABE program. The determinative facts in *Parker* were: 1) there was apparently no dispute that the ABE program at issue was a validly established legal entity with the authority to hire its own employees and 2) the court concluded that the county board was correct in its position that it had not had an employer-employee relationship with the plaintiff. *Parker v. Summers County Board of Education*, 185 W. Va. 313, 314-16 (1991). On that basis, the court in *Parker* determined that, during the time period at issue, the plaintiff had been an employee of the four-county ABE program. *Id.*

In contrast, in the present case, the Manchester School District's apprenticeship program is not a properly established, independent legal entity and the School District has asserted that it did have an employer-employee relationship with the Petitioner, a relationship that resumed after Petitioner retired from full-time employment and returned to the School District in July 2021 as a part-time employee in her 20 hour-per-week daytime and 10 hour-per-week nighttime positions.

Moreover, Petitioner's Reply Memorandum fails to even attempt to address the fundamental problem with Petitioner's claim of being an independent contractor or, in the alternative, being an employee of "the Program". For the federal tax year at issue, 2022, Petitioner received a W-2 form, not a Form 1099 and the W-2 form, documenting all requisite employer withholdings, was issued by the Manchester School District, not by "the Program". See NHRS Staff Post-Hearing Memorandum at 8-9, 17. In addition, as Petitioner testified at the

Hearing, she did not pay self-employment tax for 2022 or file a request with the IRS seeking to revise her employment status from “employee” to “independent contractor”.

IV. Conclusion

For the foregoing reasons, and for the reasons previously stated in the NHRS Staff Post-Hearing Memorandum, NHRS Staff properly applied the forfeiture requirement of RSA 100-A:7, II to Petitioner and, as a result, her appeal of NHRS Staff’s September 28, 2023 administrative decision should be denied.

October 22, 2024

Respectfully submitted,

/s/ Peter T. Foley, Esq.

Peter T. Foley, Esq.
NH Bar Number 828
P.O. Box 2753
Concord, NH 03302
603-303-8176
foleypt@coomcast.net

CERTIFICATION

I certify that a copy of the foregoing pleading will be electronically mailed, this day, to counsel for the Petitioner.

/s/ Peter T. Foley, Esq.



To: NHRS Board of Trustees
From: Annie Gregori, Chief Legal Counsel
Date: April 7, 2026
Re: Voluntary Correction Program (VCP) Policy Revisions
Item: Action: Discussion: Informational:

The VCP Policy is a part of the “plan document,” which consists of the N.H. Const., Pt. I, art. 36-a, RSA ch. 100-A, NHRS administrative rules, and certain Board policies that address plan terms and interpretation. The VCP Policy is a critical document that provides specific terms of the plan that are not found in the statute or rules.

Consistent with Section 1.1 of the VCP Compliance Procedures, Groom Law Group, our external counsel for fiduciary and tax matters, has reviewed the VCP Policy. They are recommending that we revise some of the wording and dates in our required minimum distribution provisions following the passage of the SECURE Act 2.0 (see page 3). They also recommended minor formatting revisions that have been incorporated in the document.

The Governance Committee, at its April 6, 2026, meeting, voted to recommend to the Board of Trustees that it adopt the proposed revisions.

Plan Governance Policies

5.5 – Voluntary Correction Program Policy

Date Adopted: June 14, 2011

Dates Amended: 5/8/12, 3/12/20, 4/11/23, 4/8/25, and 2/10/26

I. Purpose

Pursuant to RSA 100-A:14, II, this Policy has been approved by the board of trustees of the New Hampshire Retirement System (NHRS) to satisfy the terms of the Voluntary Correction Program compliance statement issued by the Internal Revenue Service to NHRS on September 1, 2010, and the determination letter issued by the Internal Revenue Service to NHRS on March 9, 2011.

- A. Definitions. To clarify the definition of "plan year" under NHRS.
- B. Limits on Compensation. To affirm that the annual compensation taken into account under NHRS will be limited to the maximum permissible amount that may be allowed under the Internal Revenue Code of 1986, as amended (Internal Revenue Code), and to define compensation under Internal Revenue Code Section 415.
- C. Internal Revenue Code Compliance Provisions. To affirm that NHRS will comply with qualification requirements of the Internal Revenue Code, including but not limited to, maximum contribution and benefit limits, the trust requirement, forfeiture treatment, required minimum distributions, actuarial assumptions, eligible rollover distributions, prohibited transactions, USERRA requirements, vesting requirements, and electronic transaction requirements. See e.g., RSA 100-A:1, XVII and XXV, RSA 100-A:2, RSA 100-A:4, IV, RSA 100-A:10, RSA 100-A:11-a, RSA 100-A:13, RSA 100-A:13-b, RSA 100-A:15, and RSA 100-A:54.

II. Policy

- A. Definitions
 - (a) "Plan year" means the fiscal year beginning each July 1 and ending the following June 30.
- B. Limits on Compensation
 - (a) Limit under Internal Revenue Code 401(a)(17): In no event will the earnable compensation for purposes of determining average final compensation exceed the limit under Internal Revenue Code Section 401(a)(17) pursuant to Section II.C(e) of this Policy.
 - (b) Limit under Internal Revenue Code 415:
 - (1) Calculation of a member's earnable compensation for the final 12 months of creditable service ending with the termination of employment pursuant to Ret 310.02(c) and Ret 310.03(b) shall include amounts paid after separation from service only if such amounts are paid by the later of 2½ months after an employee's

severance from employment or the end of the plan year that includes the date of the employee's severance from employment and if:

- a. the payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and, absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; or
- b. the payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued.

(2) Notwithstanding the definition of earnable compensation under Ret 310, for purposes of the limitations under Internal Revenue Code Section 415, the definition of compensation pursuant to Section II.C(i)(2) of this Policy shall apply.

C. Internal Revenue Code Compliance Provisions

- (a) Effective as of July 1, 1989, the Retirement System will satisfy the qualification requirements in Internal Revenue Code Section 401, as applicable. In order to meet those requirements, NHRS is subject to the following provisions, notwithstanding any other provision of New Hampshire law. The board of trustees may adopt additional policies to implement this section, including additional policies to comply with the Pension Protection Act of 2006.
- (b) Internal Revenue Code Section 401(a)(1), (2): Effective as of July 1, 1989, the assets of NHRS are held in trust and may not be used for or diverted to any purpose other than for the exclusive benefit of the members and their beneficiaries and for paying NHRS's reasonable administrative expenses.
- (c) Internal Revenue Code Section 401(a)(8): Effective as of September 1, 1974, NHRS will use forfeitures that arise for any reason, including from termination of employment or death, to reduce employer contributions. Forfeitures may not be applied to increase the benefits of any member.
- (d) Internal Revenue Code Section 401(a)(9):
 - (1) Effective as of July 1, 1989, NHRS will pay all benefits in accordance with a good faith interpretation of the requirements of Internal Revenue Code Section 401(a)(9) and the regulations in effect under that section, as applicable to a governmental plan within the meaning of Internal Revenue Code Section 414(d).

- (2) Notwithstanding any other provision of this Policy, effective on and after January 1, 2002, NHRS is subject to the following provisions:
- a. Benefits must begin by the required beginning date, which is the later of April 1 of the calendar year following the calendar year in which the member reaches 70½ years of age (or age 72 in the case of a member born on or after July 1, 1949 and before January 1, 1951; or age 73 in the case of a member born on or after January 1, 1951 and before January 1, 1960; and age 75 in the case of a member born on or after January 1, 1960) or April 1 of the calendar year following the calendar year in which the member terminates employment. If a member fails to apply for retirement benefits by April 1 of the calendar year following the calendar year in which he or she reaches 70½ years of age (or age 72 in the case of a member born on or after July 1, 1949 and before January 1, 1951; or age 73 in the case of a member born on or after January 1, 1951 and before January 1, 1960; or age 75 in the case of a member born on or after January 1, 1960) or April 1 of the calendar year following the calendar year in which he or she terminates employment, whichever is later, the board of trustees will begin distributing the benefit as required by this Policy.
 - b. The member's entire interest must be distributed over the member's life or the lives of the member and a designated Beneficiary, or over a period not extending beyond the life expectancy of the member or of the member and a designated Beneficiary.
 - c. The life expectancy of a member, the member's spouse, or the member's Beneficiary may not be recalculated after the initial determination for purposes of determining benefits.
 - d. If a member dies after the required distribution of benefits has begun, the remaining portion of the member's interest must be distributed at least as rapidly as under the method of distribution before the member's death.
 - e. If a member dies before required distribution of the member's benefits has begun, the member's entire interest must be either
 - (i) distributed (in accordance with federal regulations) over the life or life expectancy of the designated Beneficiary, with the distributions beginning no later than December 31 of the

calendar year following the calendar year of the member's death, or

- (ii) distributed within five years of the member's death.
 - (iii) The amount of an annuity paid to a member's Beneficiary may not exceed the maximum determined under the incidental death benefit requirement of Internal Revenue Code Section 401(a)(9)(G), and effective for any annuity commencing on or after July 1, 2008, the minimum distribution incidental benefit rule under Treasury Regulation Section 1.401(a)(9)- 6(b).
- (3) The death and disability benefits provided by NHRS are limited by the incidental benefit rule set forth in Internal Revenue Code Section 401(a)(9)(G) and Treasury Regulation Section 1.401-1(b)(1)(i) or any successor regulation thereto. As a result, the total death or disability benefits payable may not exceed 25% of the cost for all of the members' benefits received from NHRS.

(e) Internal Revenue Code Section 401(a)(17):

- (1) Notwithstanding the rules for calculating compensation for determination of benefits under Ret 310, effective July 1, 1996, in accordance with the Omnibus Budget Reconciliation Act of 1993 (OBRA '93), except as provided in this section, the annual compensation NHRS takes into account for any purpose, including contributions or benefits, may not exceed the amount allowed by Internal Revenue Code Section 401(a)(17) as of the first day of the plan year.
- (2) The annual compensation of each member taken into account in determining benefits or contributions for any plan year beginning on or after July 1, 1996, and prior to July 1, 2002, may not exceed \$150,000, as adjusted for cost-of-living increases in accordance with Internal Revenue Code Section 401(a)(17)(B).
- (3) Effective only for the 1996 plan year, the rules of Internal Revenue Code Section 414(q)(6) will apply in determining the annual compensation limitation, except that a member of the family group will include only the spouse of the member and any lineal descendant of the member who has not attained age nineteen (19) before the close of the year. If the annual compensation of a member and his family members is so limited, the annual compensation of the member and each such family member will be equal to the compensation of each such individual determined without regard to Internal Revenue Code Sections 401(a)(17) and 414(q)(6) divided by such annual

compensation for all such individuals as so determined and the quotient multiplied by the applicable Internal Revenue Code Section 401(a)(17) limitation amount, as described above.

- (4) The annual compensation of each member taken into account in determining benefits or contributions for any plan year beginning on or after July 1, 2002, may not exceed \$200,000, as adjusted for cost-of-living increases in accordance with Internal Revenue Code Section 401(a)(17)(B).
- (5) For purposes of paragraphs (e)(1) through (e)(4), annual compensation means compensation during the fiscal year. The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year. If the determination period consists of fewer than 12 months, the annual compensation limit is an amount equal to the otherwise applicable annual compensation limit multiplied by a fraction, the numerator of which is the number of months in the short determination period, and the denominator of which is 12. If the compensation for any prior determination period is taken into account in determining a member's contributions or benefits for the current plan year, the compensation for such prior determination period is subject to the applicable annual compensation limit in effect for that prior period.
- (6) The limits referenced in paragraph (e)(1) through (e)(5) above apply only to plan years beginning on or after July 1, 1996, and only to individuals who first become members in plan years beginning on and after July 1, 1996. Individuals who become members before plan years beginning on and after July 1, 1996, are not subject to the limits of Internal Revenue Code Section 401(a)(17). Pursuant to Section 13212(d)(3)(A) of OBRA '93, and the regulations issued under that section, the annual compensation in effect under Internal Revenue Code Section 401(a)(17) does not apply to any such member in any year.
- (f) Internal Revenue Code Section 401(a)(25): Effective as of July 1, 1989, NHRS will determine the amount of any benefit that is determined on the basis of actuarial assumptions using assumptions adopted by the board of trustees by policy; such benefits will not be subject to employer discretion. Any such assumptions are incorporated herein by reference.
- (g) Internal Revenue Code Section 401(a)(31): This subsection applies to distributions made on or after January 1, 1993. Notwithstanding any contrary provision or retirement law that would otherwise limit a distributee's election under this Policy, a distributee may elect, at the time and in the manner prescribed by the board of trustees, to have

any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

- (1) Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or the life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Internal Revenue Code Section 401(a)(9); the portion of any distribution that is not includible in gross income; and any other distribution that is reasonably expected to total less than \$200 during the year. Effective January 1, 2002, a portion of a distribution will not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions that are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Internal Revenue Code Section 408(a) or (b), or to a qualified defined contribution plan described in Internal Revenue Code Section 401(a) or to a qualified plan described in Internal Revenue Code Section 403(a), or on or after January 1, 2007, to a qualified defined benefit plan described in Internal Revenue Code Section 401(a) or to an annuity contract described in Internal Revenue Code Section 403(b), that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of the distribution that is includible in gross income and the portion of the distribution that is not so includible.
- (2) Eligible retirement plan: An eligible retirement plan is:
 - a. effective January 1, 2002, a plan eligible under Internal Revenue Code Section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that agrees to separately account for amounts transferred into the plan from NHRS,
 - b. an individual retirement account described in Internal Revenue Code Section 408(a),
 - c. an individual retirement annuity described in Internal Revenue Code Section 408(b),
 - d. an annuity plan described in Internal Revenue Code Section 403(a),

Governance Manual
New Hampshire Retirement System Board of Trustees

- e. effective January 1, 2002, an annuity contract described in Internal Revenue Code Section 403(b),
 - f. a qualified trust described in Internal Revenue Code Section 401(a), that accepts the distributee's eligible rollover distribution, or
 - g. effective January 1, 2008, a Roth IRA described in Internal Revenue Code Section 408A.
- (3) Effective January 1, 2002, the definition of eligible rollover distribution also includes a distribution to a surviving spouse, or to a spouse or former spouse who is an alternate payee under a domestic relations order, as defined in Internal Revenue Code Section 414(p).
- (4) Distributee: A distributee includes an employee or former employee. It also includes the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Internal Revenue Code Section 414(p). Effective January 1, 2007, it further includes a nonspouse beneficiary who is a designated beneficiary as defined by Internal Revenue Code Section 401(a)(9)(E). However, a nonspouse beneficiary may rollover the distribution only to an individual retirement account or individual retirement annuity established for the purpose of receiving the distribution and the account or annuity will be treated as an "inherited" individual retirement account or annuity.
- (5) Direct rollover: A direct rollover is a payment by NHRS to the eligible retirement plan specified by the distributee.
- (h) Automatic Rollovers under Internal Revenue Code Section 401(a)(31)(B): Effective January 1, 2006, in the event of a mandatory distribution greater than \$1,000, if a member does not elect to have such distribution paid directly to an eligible retirement plan specified by the member in a direct rollover or to receive the distribution directly, the board of trustees will pay the distribution in a direct rollover to an individual retirement plan designated by the board of trustees in accordance with Internal Revenue Code Section 401(a)(31)(B) and IRS Notice 2005-5.
- (i) Internal Revenue Code Section 415:
- (1) General: Effective as of July 1, 1989, member post-tax contributions paid to, and retirement benefits paid from, NHRS may not exceed the annual limits on contributions and benefits, respectively, allowed by Internal Revenue Code Section 415 and the regulations thereunder. The foregoing section of the Code and the regulations thereunder are incorporated herein by

reference. Notwithstanding the foregoing, effective July 1, 2004, the Plan shall comply with the provisions of the Pension Funding Equity Act of 2004 modifying the rules set forth in section 415 of the Code, to the extent applicable.

- (2) Applicable Compensation: For purposes of applying the limits under Internal Revenue Code Section 415, the definition of compensation where applicable will be compensation as defined in Treasury Regulation Section 1.415(c)-2(d)(3), or successor regulation; provided, however, that the definition of compensation will exclude member contributions picked up under Internal Revenue Code Section 414(h)(2), and for limitation years beginning after December 31, 1997, compensation will include the amount of any elective deferrals, as defined in Internal Revenue Code Section 402(g)(3), and any amount contributed or deferred by the employer at the election of the member and which is not includible in the gross income of the member by reason of Internal Revenue Code Section 125 or 457, and for limitation years beginning on and after January 1, 2001, Internal Revenue Code Section 132(f)(4). For limitation years beginning on and after January 1, 2007, compensation for the limitation year will also include compensation paid by the later of 2½ months after an employee's severance from employment or the end of the limitation year that includes the date of the employee's severance from employment if:
- a. the payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and, absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; or
 - b. the payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued.
- (3) Defined Benefit Limits:
- a. Before July 1, 1995, a member may not receive an annual benefit that exceeds the limits specified in Internal Revenue Code Section 415(b), subject to the applicable adjustments in that section. On and after July 1, 1995, a member may not receive an annual benefit that exceeds the dollar amount specified in Internal Revenue Code Section 415(b)(1)(A), subject to the applicable adjustments in Internal Revenue Code Section 415(b).

- b. On and after July 1, 1995, in no event shall a member's annual benefit payable under NHRS in any limitation year be greater than the limit applicable at the annuity starting date, as increased in subsequent years pursuant to Internal Revenue Code Section 415(d) and the regulations thereunder. If the form of benefit without regard to the automatic benefit increase feature is not a straight life or a qualified joint and survivor annuity, then the preceding sentence is applied by either reducing the Internal Revenue Code Section 415(b) limit applicable at the annuity starting date or adjusting the form of benefit to an actuarially equivalent straight life annuity benefit determined using the following assumptions that takes into account the death benefits under the form of benefit:
 - (i) For a benefit paid in a form to which section Internal Revenue Code Section 417(e)(3) does not apply, the actuarially equivalent straight life annuity benefit which is the greater of (or the reduced Internal Revenue Code Section 415(b) limit applicable at the annuity starting date which is the lesser of when adjusted in accordance with the following assumptions):
 - A. The annual amount of the straight life annuity (if any) payable to the participant under the plan commencing at the same annuity starting date as the form of benefit payable to the participant, or
 - B. The annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the participant, computed using a 5 percent interest assumption (or the applicable statutory interest assumption) and (i) for years prior to July 1, 2009, the applicable mortality tables described in Treasury Regulation Section 1.417(e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Rulings 2001-62), and (ii) for years beginning on or after July 1, 2009, the applicable mortality tables described in Internal Revenue Code Section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service

guidance implementing Internal Revenue Code Section 417(e)(3)(B)); or

- (ii) For a benefit paid in a form to which Internal Revenue Code Section 417(e)(3) applies, the actuarially equivalent straight life annuity benefit which is the greatest of (or the reduced Internal Revenue Code Section 415(b) limit applicable at the annuity starting date which is the least of when adjusted in accordance with the following assumptions):
 - A. The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using the interest rate and mortality table, or tabular factor, specified in the plan for actuarial experience;
 - B. The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using a 5.5 percent interest assumption (or the applicable statutory interest assumption) and (i) for years prior to July 1, 2009, the applicable mortality tables for the distribution under Treasury Regulation Section 1.417(e)-1(d)(2) (the mortality table specified in Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Ruling 2001-62), and (ii) for years beginning on or after July 1, 2009, the applicable mortality tables described in Internal Revenue Code Section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code Section 417(e)(3)(B)); or
 - C. the annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable (computed using the applicable interest rate for the distribution under Treas. Reg.

§1.417(e)-1(d)(3) (the 30-year Treasury rate (prior to July 1, 2007, using the rate in effect for the month prior to retirement, and on and after July 1, 2007, using the rate in effect for the first day of the plan year with a one-year stabilization period)) and (i) for years prior to July 1, 2009, the applicable mortality tables for the distribution under Treasury Regulation Section 1.417(e)-1(d)(2) (the mortality table specified in Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Ruling 2001-62), and (ii) for years beginning on or after July 1, 2009, the applicable mortality tables described in Internal Revenue Code Section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code Section 417(e)(3)(B)), divided by 1.05.

- (4) Cost of Living Adjustments: For purposes of applying the limits under Internal Revenue Code Section 415(b) (Limit), the following will apply:
- a. prior to July 1, 2007, adjustments under former RSA 100-A:41-a b and c will be taken into consideration when determining a member's applicable Limit,
 - b. on and after July 1, 2007, with respect to a member who does not receive a portion of the member's annual benefit in a lump sum:
 - (i) a member's applicable Limit will be applied to the member's annual benefit in the first limitation year without regard to any automatic cost of living increases under former RSA 100- A:41-a, b, and c;
 - (ii) to the extent the member's annual benefit equals or exceeds the Limit, the member will no longer be eligible for cost of living increases under former RSA 100-A:41-a, b, and c until such time as the benefit plus the accumulated increases under former RSA 100-A:41-a, b, and c are less than the Limit; and
 - (iii) thereafter, in any subsequent limitation year, the member's annual benefit including any automatic cost of living increase applicable under former RSA 100- A:41-a, b, and c shall be tested under the then applicable

benefit limit including any adjustment to the Internal Revenue Code Section 415(b)(1)(A) dollar limit under Internal Revenue Code Section 415(d) and the regulations thereunder; and

- c. on and after July 1, 2007, with respect to a member who receives a portion of the member's annual benefit in a lump sum, a member's applicable Limit shall be applied taking into consideration automatic cost of living increases under former RSA 100-A:41-a, b, and c as required by Internal Revenue Code Section 415(b) and applicable Treasury Regulations.

(5) Defined Contribution Limits:

- a. Unless the provisions of paragraph (6) apply, the post-tax member contributions and any additional member annuity contributions will be subject to the annual limits of Internal Revenue Code Section 415(c), subject to annual adjustments.
- b. Notwithstanding any other provision of law to the contrary, the board of trustees may modify a request by a member to make a contribution to NHRS if the amount of the contribution would exceed the limits provided in Internal Revenue Code Section 415 by using the following methods:
 - (i) If the law requires a lump sum payment for the purchase of service credit, the board of trustees may establish a periodic payment plan for the member to avoid a contribution in excess of the limits under Internal Revenue Code Sections 415(c) or 415(n).
 - (ii) If payment pursuant to clause (i) will not avoid a contribution in excess of the limits imposed by Internal Revenue Code Section 415(c), the board of trustees will either reduce the member's contribution to an amount within the limits of that section or refuse the member's contribution.

(6) Permissive Service Credit Purchases:

- a. Effective for permissive service credit contributions made in years beginning after December 31, 1997, if a member makes one or more contributions to purchase permissive service credit under NHRS, then the requirements of this section will be treated as met only if—
 - (i) the requirements of Internal Revenue Code Section 415(b) are met, determined by treating the accrued benefit derived from all such contributions as an

annual benefit for purposes of Internal Revenue Code Section 415(b), or

- (ii) the requirements of Internal Revenue Code Section 415(c) are met, determined by treating all such contributions as annual additions for purposes of Internal Revenue Code Section 415(c).

For purposes of applying clause (i) NHRS will not fail to meet the reduced limit under Internal Revenue Code Section 415(b)(2)(C) solely by reason of this paragraph (6), and for purposes of applying clause (ii) NHRS will not fail to meet the percentage limitation under Internal Revenue Code Section 415(c)(1)(B) solely by reason of this paragraph (6).

- b. For purposes of this paragraph (6) the term "permissive service credit" means service credit —
 - (i) specifically authorized by state law and recognized by NHRS for purposes of calculating a member's benefit under NHRS,
 - (ii) which such member has not received under NHRS, and
 - (iii) which such member may receive only by making a voluntary additional contribution, in an amount determined under NHRS, which does not exceed the amount necessary to fund the benefit attributable to such service credit.

Effective for permissive service credit contributions made in years beginning after December 31, 1997, such term may include service credit for periods for which there is no performance of service, and, notwithstanding clause (ii), may include service credited in order to provide an increased benefit for service credit which a member is receiving under NHRS.

- c. The NHRS will fail to meet the requirements of this paragraph
 - (i) If more than 5 years of nonqualified service credit are taken into account for purposes of this paragraph (6), or
 - (ii) any nonqualified service credit is taken into account under this paragraph (6) before the member has at least 5 years of participation under NHRS.
- d. For purposes of subparagraph c, effective for permissive service credit contributions made in years beginning after

December 31, 1997, the term "nonqualified service credit" means permissive service credit other than that allowed with respect to —

- (i) service (including parental, medical, sabbatical, and similar leave) as an employee of the Government of the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of a repayment described in Internal Revenue Code Section 415(k)(3)),
- (ii) service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in clause (i)) of an education organization described in Internal Revenue Code Section 170(b)(1)(A)(ii) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed,
- (iii) service as an employee of an association of employees who are described in clause (i), or
- (iv) military service (other than qualified military service under Internal Revenue Code Section 414(u)) recognized by such governmental plan.

In the case of service described in clause (i), (ii), or (iii), such service will be nonqualified service if recognition of such service would cause a member to receive a retirement benefit for the same service under more than one plan.

- e. For an eligible member, the limitation of Internal Revenue Code Section 415(c)(1) shall not be applied to reduce the amount of permissive service credit which may be purchased to an amount less than the amount which was allowed to be purchased under the terms of NHRS's statutes and rules as in effect on August 5, 1997. For purposes of this subparagraph, an eligible member is an individual who first became a member in NHRS before July 1, 1998.

- (7) Trustee-to-Trustee Transfers: In the case of a trustee-to-trustee transfer after December 31, 2001, to which Internal Revenue Code Section 403(b)(13)(A) or 457(e)(17)(A) applies (without regard to

whether the transfer is made between plans maintained by the same employer) —

- a. the limitations of subparagraph (6)(c) will not apply in determining whether the transfer is for the purchase of permissive service credit, and
 - b. the distribution rules applicable under federal law to NHRS will apply to such amounts and any benefits attributable to such amounts.
- (8) Limitation Year: The limitation year for purposes of Internal Revenue Code Section 415 is the fiscal year beginning each July 1 and ending the following June 30.
- (9) Amendment: Nothing contained in this section will limit the Legislature from modifying benefits to the extent such modifications are permissible by applicable state and federal law.
- (j) Internal Revenue Code Section 503(b): Effective as of July 1, 1989, the board of trustees may not engage in a transaction prohibited by Internal Revenue Code Section 503(b).
- (k) Internal Revenue Code Section 414(u):
- (1) Effective December 12, 1994, notwithstanding any other provision of NHRS law, contributions, benefits and service credit with respect to qualified military service are governed by Internal Revenue Code Section 414(u) and the Uniformed Services Employment and Reemployment Rights Act of 1994.
 - (2) Effective with respect to deaths occurring on or after January 1, 2007, while a member is performing qualified military service (as defined in chapter 43 of title 38, United States Code), death benefits shall be provided by NHRS under RSA 100-A:9, I to the survivors of a member to the extent required by Internal Revenue Code Section 401(a)(37). A deceased member's period of qualified military service must be counted for vesting purposes.
 - (3) Beginning January 1, 2009, to the extent required by Internal Revenue Code Sections 3401(h) and 414(u)(2), any differential wage payments to an individual from an employer (while the individual is performing qualified military service (as defined in chapter 43 of title 38, United States Code)) shall be treated as compensation for purposes of applying the limits on annual additions under Internal Revenue Code Section 415(c).
- (l) Internal Revenue Code Section 411(e): Effective as of September 1, 1974, in addition to any protection provided by this ordinance and New Hampshire law:
- (1) A member will be 100% vested in all Plan benefits upon attainment of the Plan's age and service requirements for the

Governance Manual
New Hampshire Retirement System Board of Trustees

Plan's normal retirement benefit; and

- (2) A member will be 100% vested in all Plan benefits, to the extent funded, if the Plan is terminated.
- (m) Electronic Transactions: In those circumstances where a written election or consent is not prohibited by NHRS or the Internal Revenue Code, an electronic or telephonic form, in lieu of or in addition to a written form, may be permitted by NHRS.

Plan Governance Policies

5.5 – Voluntary Correction Program Policy

Date Adopted: June 14, 2011

Dates Amended: May 8, 2012, March 12, 2020, April 11, 2023, and April 8, 2025.

NEW HAMPSHIRE RETIREMENT SYSTEM PLAN POLICIES

Policy Number: 2011-1

Topic: Voluntary Correction Program and Determination Letter Compliance

I. Purpose

Pursuant to RSA 100-A:14, II, this Policy has been approved by the board of trustees of the New Hampshire Retirement System (NHRS) to satisfy the terms of the Voluntary Correction Program compliance statement issued by the Internal Revenue Service to NHRS on September 1, 2010, and the determination letter issued by the Internal Revenue Service to NHRS on March 9, 2011.

- A. Definitions. To clarify the definition of "plan year" under NHRS.
- B. Limits on Compensation. To affirm that the annual compensation taken into account under NHRS will be limited to the maximum permissible amount that may be allowed under the Internal Revenue Code of 1986, as amended (Internal Revenue Code), and to define compensation under Internal Revenue Code Section 415.
- C. Internal Revenue Code Compliance Provisions. To affirm that NHRS will comply with qualification requirements of the Internal Revenue Code, including but not limited to, maximum contribution and benefit limits, the trust requirement, forfeiture treatment, required minimum distributions, actuarial assumptions, eligible rollover distributions, prohibited transactions, USERRA requirements, vesting requirements, and electronic transaction requirements. See e.g., RSA 100-A:1, XVII and XXV, RSA 100-A:2, RSA 100-A:4, IV, RSA 100-A:10, RSA 100-A:11-a, RSA 100-A:13, RSA 100-A:13-b, RSA 100-A:15, and RSA 100-A:54.

II. Policy

A. Definitions

(a) "Plan year" means the fiscal year beginning each July 1 and ending the following June 30.

B. Limits on Compensation

(a) Limit under Internal Revenue Code 401(a)(17): In no event will the earnable compensation for purposes of determining average final compensation exceed the limit under Internal Revenue Code Section 401(a)(17) pursuant to Section II.C(e) of this Policy.

(b) Limit under Internal Revenue Code 415:

- (1) Calculation of a member's earnable compensation for the final 12 months of creditable service ending with the termination of employment pursuant to Ret 310.02(c) and Ret 310.03(b) shall include amounts paid after separation from service only if such amounts are paid by the later of 2½ months after an employee's severance from employment or the end of the plan year that includes the date of the employee's severance from employment and if:
 - a. the payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and, absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; or
 - b. the payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued.
- (2) Notwithstanding the definition of earnable compensation under Ret 310, for purposes of the limitations under Internal Revenue Code Section 415, the definition of compensation pursuant to Section II.C(i)(2) of this Policy shall apply.

C. Internal Revenue Code Compliance Provisions

(a) Effective as of July 1, 1989, the Retirement System will satisfy the qualification requirements in Internal Revenue Code Section 401, as applicable. In order to meet those requirements, NHRS is subject to the following provisions, notwithstanding any other provision of New Hampshire law. The board of trustees may adopt additional policies to implement this section, including additional policies to comply with the Pension Protection Act of 2006.

(b) Internal Revenue Code Section 401(a)(1), (2): Effective as of July 1, 1989, the assets of NHRS are held in trust and may not be used for or diverted to any purpose other than for the exclusive benefit of the members and their beneficiaries and for paying NHRS's reasonable administrative expenses.

(c) Internal Revenue Code Section 401(a)(8): Effective as of September 1, 1974, NHRS will use forfeitures that arise for any reason, including from termination of employment or death, to reduce employer contributions. Forfeitures may not be applied to increase the benefits of any member.

(d) Internal Revenue Code Section 401(a)(9):

- (1) Effective as of July 1, 1989, NHRS will pay all benefits in accordance with a good faith interpretation of the requirements of Internal Revenue Code Section 401(a)(9) and the regulations in effect under that section, as

applicable to a governmental plan within the meaning of Internal Revenue Code Section 414(d).

(2) Notwithstanding any other provision of this Policy, effective on and after January 1, 2002, NHRS is subject to the following provisions:

- a. Benefits must begin by the required beginning date, which is the later of April 1 of the calendar year following the calendar year in which the member reaches 70½ years of age (or age 72 in the case of a member ~~who attains age 70½ was born on or after January 1, 2020~~ July 1, 1949 and before January 1, 1951; or age 73 in the case of a member ~~who attains age 72 after December 31, 2022 and age 73 before January 1, 2033 was born on or after January 1, 1951 and before January 1, 1960~~; and age 75 in the case of a member ~~who attains age 74 after December 31, 2032 was born on or after January 1, 1960~~) or April 1 of the calendar year following the calendar year in which the member terminates employment. If a member fails to apply for retirement benefits by April 1 of the calendar year following the calendar year in which he or she reaches 70½ years of age (or age 72 in the case of a member born on or after July 1, 1949 and before January 1, 1951; or age 73 in the case of a member born on or after January 1, 1951 and before January 1, 1960; or age 75 in the case of a member born on or after January 1, 1960) or April 1 of the calendar year following the calendar year in which he or she terminates employment, whichever is later, the board of trustees will begin distributing the benefit as required by this Policy.
- b. The member's entire interest must be distributed over the member's life or the lives of the member and a designated Beneficiary, or over a period not extending beyond the life expectancy of the member or of the member and a designated Beneficiary.
- c. The life expectancy of a member, the member's spouse, or the member's Beneficiary may not be recalculated after the initial determination for purposes of determining benefits.
- d. If a member dies after the required distribution of benefits has begun, the remaining portion of the member's interest must be distributed at least as rapidly as under the method of distribution before the member's death.
- e. If a member dies before required distribution of the member's benefits has begun, the member's entire interest must be either
 - (i) distributed (in accordance with federal regulations) over the life or life expectancy of the designated Beneficiary, with the distributions beginning no later than December 31

of the calendar year following the calendar year of the member's death, or

- (ii) distributed within five years of the member's death.
- (iii) The amount of an annuity paid to a member's Beneficiary may not exceed the maximum determined under the incidental death benefit requirement of Internal Revenue Code Section 401(a)(9)(G), and effective for any annuity commencing on or after July 1, 2008, the minimum distribution incidental benefit rule under Treasury Regulation Section 1.401(a)(9)-6(b).

(3) The death and disability benefits provided by NHRS are limited by the incidental benefit rule set forth in Internal Revenue Code Section 401(a)(9)(G) and Treasury Regulation Section 1.401-1(b)(1)(i) or any successor regulation thereto. As a result, the total death or disability benefits payable may not exceed 25% of the cost for all of the members' benefits received from NHRS.

(e) Internal Revenue Code Section 401(a)(17):

- (1) Notwithstanding the rules for calculating compensation for determination of benefits under Ret 310, effective July 1, 1996, in accordance with the Omnibus Budget Reconciliation Act of 1993 (OBRA '93), except as provided in this section, the annual compensation NHRS takes into account for any purpose, including contributions or benefits, may not exceed the amount allowed by Internal Revenue Code Section 401(a)(17) as of the first day of the plan year.
- (2) The annual compensation of each member taken into account in determining benefits or contributions for any plan year beginning on or after July 1, 1996, and prior to July 1, 2002, may not exceed \$150,000, as adjusted for cost-of-living increases in accordance with Internal Revenue Code Section 401(a)(17)(B).
- (3) Effective only for the 1996 plan year, the rules of Internal Revenue Code Section 414(q)(6) will apply in determining the annual compensation limitation, except that a member of the family group will include only the spouse of the member and any lineal descendant of the member who has not attained age nineteen (19) before the close of the year. If the annual compensation of a member and his family members is so limited, the annual compensation of the member and each such family member will be equal to the compensation of each such individual determined without regard to Internal Revenue Code Sections 401(a)(17) and 414(q)(6) divided by such annual compensation for all such individuals as so determined and the quotient multiplied by the applicable Internal Revenue Code Section 401(a)(17) limitation amount, as described above.
- (4) The annual compensation of each member taken into account in determining benefits or contributions for any plan year beginning on or after

July 1, 2002, may not exceed \$200,000, as adjusted for cost-of-living increases in accordance with Internal Revenue Code Section 401(a)(17)(B).

- (5) For purposes of paragraphs (e)(1) through (e)(4), annual compensation means compensation during the fiscal year. The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year. If the determination period consists of fewer than 12 months, the annual compensation limit is an amount equal to the otherwise applicable annual compensation limit multiplied by a fraction, the numerator of which is the number of months in the short determination period, and the denominator of which is 12. If the compensation for any prior determination period is taken into account in determining a member's contributions or benefits for the current plan year, the compensation for such prior determination period is subject to the applicable annual compensation limit in effect for that prior period.
- (6) The limits referenced in paragraph (e)(1) through (e)(5) above apply only to plan years beginning on or after July 1, 1996, and only to individuals who first become members in plan years beginning on and after July 1, 1996. Individuals who become members before plan years beginning on and after July 1, 1996, are not subject to the limits of Internal Revenue Code Section 401(a)(17). Pursuant to Section 13212(d)(3)(A) of OBRA '93, and the regulations issued under that section, the annual compensation in effect under Internal Revenue Code Section 401(a)(17) does not apply to any such member in any year.

(f) Internal Revenue Code Section 401(a)(25): Effective as of July 1, 1989, NHRS will determine the amount of any benefit that is determined on the basis of actuarial assumptions using assumptions adopted by the board of trustees by policy; such benefits will not be subject to employer discretion. Any such assumptions are incorporated herein by reference.

(g) Internal Revenue Code Section 401(a)(31): This subsection applies to distributions made on or after January 1, 1993. Notwithstanding any contrary provision or retirement law that would otherwise limit a distributee's election under this Policy, a distributee may elect, at the time and in the manner prescribed by the board of trustees, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

- (1) Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or the life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years

or more; any distribution to the extent such distribution is required under Internal Revenue Code Section 401(a)(9); the portion of any distribution that is not includible in gross income; and any other distribution that is reasonably expected to total less than \$200 during the year. Effective January 1, 2002, a portion of a distribution will not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions that are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Internal Revenue Code Section 408(a) or (b), or to a qualified defined contribution plan described in Internal Revenue Code Section 401(a) or to a qualified plan described in Internal Revenue Code Section 403(a), or on or after January 1, 2007, to a qualified defined benefit plan described in Internal Revenue Code Section 401(a) or to an annuity contract described in Internal Revenue Code Section 403(b), that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of the distribution that is includible in gross income and the portion of the distribution that is not so includible.

(2) Eligible retirement plan: An eligible retirement plan is:

- a. effective January 1, 2002, a plan eligible under Internal Revenue Code Section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that agrees to separately account for amounts transferred into the plan from NHRS,
 - b. an individual retirement account described in Internal Revenue Code Section 408(a),
 - c. an individual retirement annuity described in Internal Revenue Code Section 408(b),
 - d. an annuity plan described in Internal Revenue Code Section 403(a),
 - e. effective January 1, 2002, an annuity contract described in Internal Revenue Code Section 403(b),
 - f. a qualified trust described in Internal Revenue Code Section 401(a), that accepts the distributee's eligible rollover distribution, or
 - g. effective January 1, 2008, a Roth IRA described in Internal Revenue Code Section 408A.
- (3) Effective January 1, 2002, the definition of eligible rollover distribution also includes a distribution to a surviving spouse, or to a spouse or former spouse who is an alternate payee under a domestic relations order, as defined in Internal Revenue Code Section 414(p).
- (4) Distributee: A distributee includes an employee or former employee. It also

includes the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Internal Revenue Code Section 414(p). Effective January 1, 2007, it further includes a nonspouse beneficiary who is a designated beneficiary as defined by Internal Revenue Code Section 401(a)(9)(E). However, a nonspouse beneficiary may rollover the distribution only to an individual retirement account or individual retirement annuity established for the purpose of receiving the distribution and the account or annuity will be treated as an "inherited" individual retirement account or annuity.

- (5) Direct rollover: A direct rollover is a payment by NHRS to the eligible retirement plan specified by the distributee.

(h) Automatic Rollovers under Internal Revenue Code Section 401(a)(31)(B): Effective January 1, 2006, in the event of a mandatory distribution greater than \$1,000, if a member does not elect to have such distribution paid directly to an eligible retirement plan specified by the member in a direct rollover or to receive the distribution directly, the board of trustees will pay the distribution in a direct rollover to an individual retirement plan designated by the board of trustees in accordance with Internal Revenue Code Section 401(a)(31)(B) and IRS Notice 2005-5.

(i) Internal Revenue Code Section 415:

- (1) General: Effective as of July 1, 1989, member post-tax contributions paid to, and retirement benefits paid from, NHRS may not exceed the annual limits on contributions and benefits, respectively, allowed by Internal Revenue Code Section 415 and the regulations thereunder. The foregoing section of the Code and the regulations thereunder are incorporated herein by reference. Notwithstanding the foregoing, effective July 1, 2004, the Plan shall comply with the provisions of the Pension Funding Equity Act of 2004 modifying the rules set forth in section 415 of the Code, to the extent applicable.
- (2) Applicable Compensation: For purposes of applying the limits under Internal Revenue Code Section 415, the definition of compensation where applicable will be compensation as defined in Treasury Regulation Section 1.415(c)-2(d)(3), or successor regulation; provided, however, that the definition of compensation will exclude member contributions picked up under Internal Revenue Code Section 414(h)(2), and for limitation years beginning after December 31, 1997, compensation will include the amount of any elective deferrals, as defined in Internal Revenue Code Section 402(g)(3), and any amount contributed or deferred by the employer at the election of the member and which is not includible in the gross income of the member by reason of Internal Revenue Code Section 125 or 457, and for limitation years beginning on and after January 1, 2001, Internal Revenue Code Section 132(f)(4). For limitation years beginning on and after

January 1, 2007, compensation for the limitation year will also include compensation paid by the later of 2½ months after an employee's severance from employment or the end of the limitation year that includes the date of the employee's severance from employment if:

- a. the payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and, absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; or
- b. the payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued.

(3) Defined Benefit Limits:

- a. Before July 1, 1995, a member may not receive an annual benefit that exceeds the limits specified in Internal Revenue Code Section 415(b), subject to the applicable adjustments in that section. On and after July 1, 1995, a member may not receive an annual benefit that exceeds the dollar amount specified in Internal Revenue Code Section 415(b)(1)(A), subject to the applicable adjustments in Internal Revenue Code Section 415(b).
- b. On and after July 1, 1995, in no event shall a member's annual benefit payable under NHRS in any limitation year be greater than the limit applicable at the annuity starting date, as increased in subsequent years pursuant to Internal Revenue Code Section 415(d) and the regulations thereunder. If the form of benefit without regard to the automatic benefit increase feature is not a straight life or a qualified joint and survivor annuity, then the preceding sentence is applied by either reducing the Internal Revenue Code Section 415(b) limit applicable at the annuity starting date or adjusting the form of benefit to an actuarially equivalent straight life annuity benefit determined using the following assumptions that takes into account the death benefits under the form of benefit:
 - (i) For a benefit paid in a form to which section Internal Revenue Code Section 417(e)(3) does not apply, the actuarially equivalent straight life annuity benefit which is the greater of (or the reduced Internal Revenue Code Section 415(b) limit applicable at the annuity starting date which is the lesser of when adjusted in

accordance with the following assumptions):

- A. The annual amount of the straight life annuity (if any) payable to the participant under the plan commencing at the same annuity starting date as the form of benefit payable to the participant, or
 - B. The annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the participant, computed using a 5 percent interest assumption (or the applicable statutory interest assumption) and (i) for years prior to July 1, 2009, the applicable mortality tables described in Treasury Regulation Section 1.417(e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Rulings 2001-62), and (ii) for years beginning on or after July 1, 2009, the applicable mortality tables described in Internal Revenue Code Section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code Section 417(e)(3)(B)); or
- (ii) For a benefit paid in a form to which Internal Revenue Code Section 417(e)(3) applies, the actuarially equivalent straight life annuity benefit which is the greatest of (or the reduced Internal Revenue Code Section 415(b) limit applicable at the annuity starting date which is the least of when adjusted in accordance with the following assumptions):
- A. The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using the interest rate and mortality table, or tabular factor, specified in the plan for actuarial experience;
 - B. The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using a 5.5 percent interest assumption (or the

applicable statutory interest assumption) and (i) for years prior to July 1, 2009, the applicable mortality tables for the distribution under Treasury Regulation Section 1.417(e)-1(d)(2) (the mortality table specified in Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Ruling 2001-62), and (ii) for years beginning on or after July 1, 2009, the applicable mortality tables described in Internal Revenue Code Section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code Section 417(e)(3)(B)); or

- C. the annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable (computed using the applicable interest rate for the distribution under Treas. Reg. §1.417(e)-1(d)(3) (the 30-year Treasury rate (prior to July 1, 2007, using the rate in effect for the month prior to retirement, and on and after July 1, 2007, using the rate in effect for the first day of the plan year with a one-year stabilization period)) and (i) for years prior to July 1, 2009, the applicable mortality tables for the distribution under Treasury Regulation Section 1.417(e)-1(d)(2) (the mortality table specified in Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Ruling 2001-62), and (ii) for years beginning on or after July 1, 2009, the applicable mortality tables described in Internal Revenue Code Section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code Section 417(e)(3)(B)), divided by 1.05.

(4) Cost of Living Adjustments: For purposes of applying the limits under Internal Revenue Code Section 415(b) (Limit), the following will apply:

- a. prior to July 1, 2007, adjustments under former RSA 100-A:41-a b and c will be taken into consideration when determining a member's applicable Limit,
- b. on and after July 1, 2007, with respect to a member who does

not receive a portion of the member's annual benefit in a lump sum:

- (i) a member's applicable Limit will be applied to the member's annual benefit in the first limitation year without regard to any automatic cost of living increases under former RSA 100-A:41-a, b, and c;
 - (ii) to the extent the member's annual benefit equals or exceeds the Limit, the member will no longer be eligible for cost of living increases under former RSA 100-A:41- a, b, and c until such time as the benefit plus the accumulated increases under former RSA 100-A:41-a, b, and c are less than the Limit; and
 - (iii) thereafter, in any subsequent limitation year, the member's annual benefit including any automatic cost of living increase applicable under former RSA 100- A:41-a, b, and c shall be tested under the then applicable benefit limit including any adjustment to the Internal Revenue Code Section 415(b)(1)(A) dollar limit under Internal Revenue Code Section 415(d) and the regulations thereunder; and
- c. on and after July 1, 2007, with respect to a member who receives a portion of the member's annual benefit in a lump sum, a member's applicable Limit shall be applied taking into consideration automatic cost of living increases under former RSA 100-A:41-a, b, and c as required by Internal Revenue Code Section 415(b) and applicable Treasury Regulations.

(5) Defined Contribution Limits:

- a. Unless the provisions of paragraph (6) apply, the post-tax member contributions and any additional member annuity contributions will be subject to the annual limits of Internal Revenue Code Section 415(c), subject to annual adjustments.
- b. Notwithstanding any other provision of law to the contrary, the board of trustees may modify a request by a member to make a contribution to NHRS if the amount of the contribution would exceed the limits provided in Internal Revenue Code Section 415 by using the following methods:
 - (i) If the law requires a lump sum payment for the purchase of service credit, the board of trustees may establish a periodic payment plan for the member to avoid a contribution in excess of the limits under Internal Revenue Code Sections 415(c) or 415(n).
 - (i) If payment pursuant to clause (i) will not avoid a contribution in excess of the limits imposed by Internal

Revenue Code Section 415(c), the board of trustees will either reduce the member's contribution to an amount within the limits of that section or refuse the member's contribution.

(6) Permissive Service Credit Purchases:

- a. Effective for permissive service credit contributions made in years beginning after December 31, 1997, if a member makes one or more contributions to purchase permissive service credit under NHRS, then the requirements of this section will be treated as met only if—
- (i) the requirements of Internal Revenue Code Section 415(b) are met, determined by treating the accrued benefit derived from all such contributions as an annual benefit for purposes of Internal Revenue Code Section 415(b), or
 - (ii) the requirements of Internal Revenue Code Section 415(c) are met, determined by treating all such contributions as annual additions for purposes of Internal Revenue Code Section 415(c).

For purposes of applying clause (i) NHRS will not fail to meet the reduced limit under Internal Revenue Code Section 415(b)(2)(C) solely by reason of this paragraph (6), and for purposes of applying clause (ii) NHRS will not fail to meet the percentage limitation under Internal Revenue Code Section 415(c)(1)(B) solely by reason of this paragraph (6).

- b. For purposes of this paragraph (6) the term "permissive service credit" means service credit—
- (i) specifically authorized by state law and recognized by NHRS for purposes of calculating a member's benefit under NHRS,
 - (ii) which such member has not received under NHRS, and
 - (iii) which such member may receive only by making a voluntary additional contribution, in an amount determined under NHRS, which does not exceed the amount necessary to fund the benefit attributable to such service credit.

Effective for permissive service credit contributions made in years beginning after December 31, 1997, such term may include service credit for periods for which there is no performance of service, and, notwithstanding clause (ii), may include service credited in order to provide an increased benefit for service credit which a member is receiving under

NHRS.

- c. The NHRS will fail to meet the requirements of this paragraph
 - (i) If more than 5 years of nonqualified service credit are taken into account for purposes of this paragraph (6), or
 - (ii) any nonqualified service credit is taken into account under this paragraph (6) before the member has at least 5 years of participation under NHRS.
- d. For purposes of subparagraph c, effective for permissive service credit contributions made in years beginning after December 31, 1997, the term "nonqualified service credit" means permissive service credit other than that allowed with respect to—
 - (i) service (including parental, medical, sabbatical, and similar leave) as an employee of the Government of the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of a repayment described in Internal Revenue Code Section 415(k)(3)),
 - (ii) service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in clause (i)) of an education organization described in Internal Revenue Code Section 170(b)(1)(A)(ii) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed,
 - (iii) service as an employee of an association of employees who are described in clause (i), or
 - (iv) military service (other than qualified military service under Internal Revenue Code Section 414(u)) recognized by such governmental plan.

In the case of service described in clause (i), (ii), or (iii), such service will be nonqualified service if recognition of such service would cause a member to receive a retirement benefit for the same service under more than one plan.
- e. For an eligible member, the limitation of Internal Revenue Code Section 415(c)(1) shall not be applied to reduce the amount of permissive service credit which may be purchased to an amount less than the amount which was allowed to be

purchased under the terms of NHRS's statutes and rules as in effect on August 5, 1997. For purposes of this subparagraph, an eligible member is an individual who first became a member in NHRS before July 1, 1998.

- (7) **Trustee-to-Trustee Transfers:** In the case of a trustee-to-trustee transfer after December 31, 2001, to which Internal Revenue Code Section 403(b)(13)(A) or 457(e)(17)(A) applies (without regard to whether the transfer is made between plans maintained by the same employer)—
 - a. the limitations of subparagraph (6)(c) will not apply in determining whether the transfer is for the purchase of permissive service credit, and
 - b. the distribution rules applicable under federal law to NHRS will apply to such amounts and any benefits attributable to such amounts.
- (8) **Limitation Year:** The limitation year for purposes of Internal Revenue Code Section 415 is the fiscal year beginning each July 1 and ending the following June 30.
- (9) **Amendment:** Nothing contained in this section will limit the Legislature from modifying benefits to the extent such modifications are permissible by applicable state and federal law.
- (j) **Internal Revenue Code Section 503(b):** Effective as of July 1, 1989, the board of trustees may not engage in a transaction prohibited by Internal Revenue Code Section 503(b).
- (k) **Internal Revenue Code Section 414(u):**
 - (1) Effective December 12, 1994, notwithstanding any other provision of NHRS law, contributions, benefits and service credit with respect to qualified military service are governed by Internal Revenue Code Section 414(u) and the Uniformed Services Employment and Reemployment Rights Act of 1994.
 - (2) Effective with respect to deaths occurring on or after January 1, 2007, while a member is performing qualified military service (as defined in chapter 43 of title 38, United States Code), death benefits shall be provided by NHRS under RSA 100-A:9, I to the survivors of a member to the extent required by Internal Revenue Code Section 401(a)(37). A deceased member's period of qualified military service must be counted for vesting purposes.
 - (3) Beginning January 1, 2009, to the extent required by Internal Revenue Code Sections 3401(h) and 414(u)(2), any differential wage payments to an individual from an employer (while the individual is performing qualified military service (as defined in chapter 43 of title 38, United States Code)) shall be treated as compensation for purposes of applying the limits on annual additions under Internal Revenue Code Section 415(c).
- (l) **Internal Revenue Code Section 411(e):** Effective as of September 1, 1974, in addition to any protection provided by this ordinance and New Hampshire law:

(1) A member will be 100% vested in all Plan benefits upon attainment of the Plan's age and service requirements for the Plan's normal retirement benefit; and

(2) A member will be 100% vested in all Plan benefits, to the extent funded, if the Plan is terminated.

(m) Electronic Transactions: In those circumstances where a written election or consent is not prohibited by NHRS or the Internal Revenue Code, an electronic or telephonic form, in lieu of or in addition to a written form, may be permitted by NHRS.



To: NHRS Board of Trustees
From: Annie Gregori, Chief Legal Counsel
Date: April 7, 2026
Re: Alternate Hearings Examiners
Item: Action: X Discussion: Informational:

The Legal Department (Legal) conducted a review of NHRS' legal needs, the positions within Legal, work available for the different roles (administrative/legal), and whether job duties could be shifted among existing personnel.

After considering these factors, the role of Hearings Examiner was identified as having job duties that could either be performed externally by contracting with individuals to serve as alternate hearings examiners, or divided between existing positions in the department. Significant advantages were identified with contracting with external providers to serve as alternate hearings examiners. First, an alternate hearings examiner is separate from the agency, and this helps reassure petitioners of the individual's neutrality. The alternate hearings examiners will not be physically working in NHRS, which eliminates the risk of inadvertent ex parte communications by Staff that exists when the hearings examiner is physically located within the legal department. Moreover, by taking the role of Hearings Examiner outside NHRS, Staff can utilize all members of the Legal Department for legal questions.

To identify potential outside providers, Staff issued a Request for Proposals (RFP). (Copy attached.) We received responses from two individuals, and after reviewing both proposals, Staff interviewed one and recommend that he be utilized as an alternate hearings examiner for administrative appeals. (Copy of resume attached.)

Staff anticipate releasing additional RFPs in the future to create a short list of alternate hearings examiners. Additional alternate hearings examiners will be necessary in the future for a variety of reasons including: a conflict with past representation by the primary alternative hearings examiner; or if the Board were to reject a proposed recommendation and direct Staff to reassign the matter to another hearings examiner.

The Governance Committee, at its April 6, 2026, meeting, voted to recommend to the Board of Trustees that it designate those individuals, selected by Staff through an RFP process and with whom NHRS has contracted to provide alternate hearings examiner services, to serve as presiding officers in NHRS matters as assigned by the Executive Director, or designee.



REQUEST FOR PROPOSALS FOR HEARINGS EXAMINER SERVICES

This Request for Proposals (“RFP”) invites the submission of offers to the New Hampshire Retirement System (“NHRS” or retirement system) from individuals to serve as the hearings examiner/presiding officer in retirement system adjudicatory proceedings. The Board intends to contract with one or more qualified individuals to provide Hearings Examiner services as assigned by the Executive Director or designee (“Agreement Administrator”).

SECTION 1 - HEARINGS EXAMINER SERVICES SOUGHT

I. Background

NHRS is a governmental defined benefit plan intended to be qualified under § 401(a) of the Internal Revenue Code (Code) and funded through a trust which is tax exempt under Code § 501(a). Assets under management were approximately \$13.3 billion as of June 30, 2025. NHRS has approximately 48,000 active members including firefighters, police officers, teachers, and state and local government employees, and approximately 45,000 individuals currently receive a monthly benefit. NHRS provides benefits to its eligible members and their beneficiaries upon retirement, disability, or death.

The plan is administered by the NHRS Board of Trustees (“Board”) pursuant to RSA 100-A:14. The Board consists of thirteen members including the State Treasurer as an ex-officio member, four public non-members, four employer representatives of employees, teachers, police, and fire, and four employee representatives of employees, teachers, police, and fire.

An adjudicative proceeding is available to any member, employer, or beneficiary aggrieved by a decision made by the retirement system under RSA Chapter 100-A or N.H. Admin R. Ret Chapter 300. The Hearings Examiner conducts the adjudicatory proceedings and prepares a recommended decision that is presented to the Board of Trustees.

II. General Requirements

The Agreement Administrator will assign contested cases to individuals who have been appointed by the Board to serve as Alternate Hearings Examiners. The decision to assign an Alternate Hearings Examiner in any given matter is a discretionary decision. The number of contested cases that NHRS has in a year is highly variable, and, as a result, NHRS cannot guarantee how many cases, if any, a contractor will be assigned to hear in each year of the contract.

III. Statement of Work

In the role of Hearings Examiner, the contractor shall:

- A.** Conduct fair and impartial proceedings as required by and consistent with RSA Chapter 100-A and Ret chapter 200.
- B.** Maintain accurate file management system.
- C.** Maintain confidential computer and telephone communications with all parties and NHRS.
- D.** Maintain accurate electronic recording/record of all administrative proceedings consistent with Ret 204.07, and provide NHRS with copy of the recording.
- E.** Issue timely responses to all pleadings filed by the parties, with copy provided to NHRS at time of issuance.
- F.** Conduct an informal (prehearing) conference at NHRS offices, when determined to be necessary, and memorialize the issues addressed in a pre-hearing order.
- G.** Assist parties with discovery consistent with Ret 204.03, and 204.04.
- H.** Conduct all hearings consistent with Ret 204.08, or, when applicable, schedule non-evidentiary hearings pursuant to Ret 204.09 and/or issue orders authorizing the parties to file legal memoranda.
- I.** Present Board of Trustees with recommendation that includes factual findings and rulings of law within 90 days of the close of the record. Maintain confidentiality of recommendation, including from the parties, until after the Board acts on recommendation.
- J.** Provide update on cases to the Agreement Administrator as directed in the assignment letter.
- K.** Submit timely invoices as directed by the Agreement Administrator and as detailed in paragraph IV, D, 3 *infra*.

IV. Special Engagement Terms

A. Compensation and Expenses:

1. The hourly rate to be negotiated.
2. NHRS will provide electronic records related to the proceeding that are provided to NHRS by the Alternate Hearings Examiner, and service by email is allowed under retirement system rules (Ret. 202.04(b)).
3. The Agreement Administrator reserves the right to object to any legal fees and expenses reasonably considered to be excessive.

B. Bar Membership and Conflict of Interest

1. The Contractor shall be an active member in good standing of the Bar of the State of New Hampshire at all times.
2. Upon assignment of a new case, the Contractor shall make reasonable and diligent efforts to obtain and review relevant documents to determine if any potential conflicts of interest exist in the case. Record-keeping systems shall be maintained which facilitate the early and efficient identification of conflicts of interest.
3. The Contractor shall be subject to NHRS Ethics and Political Contributions policies. Copies of which can be found here <https://www.nhrs.org/about-nhrs/policies>.

C. Initial Term, renewals, and other conditions:

1. Individuals selected will be required to sign the NHRS Standard Services Agreement, Attachment 1, prior to the appointment by the Board of Trustees becoming valid. The selected Individual agrees to negotiate in good faith with NHRS.
2. The contract period shall be for three years from the effective date.
3. The Contract shall extend automatically for two additional periods of performance not to exceed one (1) year each unless NHRS provides written notice to the Contractor of its intent not to exercise the option not less than thirty (30) days prior to the Contract's original expiration date or as extended by an exercised option.
4. When delivering services under an approved contract, the contractor shall work under the direct supervision of the Agreement Administrator.
5. At the conclusion of proceedings, the Agreement Administrator shall mail an evaluation to each party. The evaluations shall be used by the Agreement Administrator as one of the components of the annual evaluation of the Alternate Hearings Examiner's performance.
6. All Alternate Hearings Examiners Contracts are subject to suspension or termination on the grounds of misconduct or disciplinary action.

D. Administration Data

1. The Agreement Administrator shall be responsible for the Alternate Hearings Examiners, and the contact information for the Agreement Administrator, unless notified otherwise, shall be:

Name: Annie Gregori
Agreement Administrator Address:
New Hampshire Retirement System
54 Regional Drive
Concord, NH 03301
Email: legal@nhrs.org

2. All instructions, notices, demands, other correspondence to be given by either party to the other party shall be in writing, including electronic mail, first class mail with verification of delivery, or by a recognized delivery or courier service that maintains written verification of actual delivery. Such communications shall be sufficient and effective upon delivery to the Agreement Administrator.
3. Invoices for work performed shall be submitted to the Agreement Administrator monthly no later than fifteen (15) days after the end of the preceding month. Monthly invoices shall include a brief description of the work performed by date, and amount of time worked broken down by quarter hour.

SECTION 2 – PROPOSAL SUBMISSION AND REQUIREMENTS

I. Proposal Submission, Deadline, and Location Instructions

A. An original proposal must be received at the NHRS by email no later than 4:00 p.m., EST on February 27, 2026. Untimely and incomplete proposals shall not be considered.

B. Proposals shall be delivered to:

Name: Annie Gregori
Agreement Administrator Address:
New Hampshire Retirement System
54 Regional Drive
Concord, NH 03301
Email: legal@nhrs.org

II. General Requirements, Proposal Contents, Evaluation of Proposals

A. General Requirements

1. Under no circumstances shall the NHRS be responsible for the expense of preparing a proposal for this RFP.
2. Proposals shall be self-containing and shall not refer to a web site or other external sources for additional information.
3. Proposals may be withdrawn at any time up to award. Unless withdrawn, all offers shall remain in effect for ninety (90) days after the proposal due date, including any extensions thereto.

B. Technical Proposal Contents

1. The technical proposal shall include:
 - a. A statement explaining knowledge in administrative and pension law, including any experience with NHRS;
 - b. A comprehensive resume;
 - c. Plan to handle administrative tasks;
 - d. Description of your conflicts procedure; and
 - e. Names and telephone numbers of three clients for purposes of reference checking.
2. The proposal shall include a certification that the attorney is a member in good standing of the New Hampshire bar.
3. A description of the professional liability insurance, including limits of coverage.

III. **Proposal Inquiries**

Questions about the solicitation shall be in writing and directed to:

Name: Annie Gregori
Agreement Administrator Address:
New Hampshire Retirement System
54 Regional Drive
Concord, NH 03301
Email: legal@nhrs.org

Questions must be received by Friday, February 20, 2025, at 4:00 pm EST in order to be assured of a response. Questions and responses shall be shared with all entities at their request.

IV. **Evaluation of Proposals**

A. **Criteria for Evaluation and Scoring**

NHRS staff will evaluate the proposals and provide recommendations to the Board, or a Board committee, for selection. Applicants may be contacted for further information and/or clarification. Proposals shall be reviewed to determine the extent to which they provide information to demonstrate the following: experience in the field of administrative hearings; demonstrative competency in written and verbal communication; experience with public pension law; and any other relevant experience.

Experience in Administrative Hearings	50
Demonstratable Legal Writing and Verbal Communication Skills	20
Cost	5
Prior Experience in Pension Law	20
References	5

B. **Initial Screening**

NHRS will conduct an initial screening step to verify the proposal is in compliance with the technical submission requirements set forth in the RFP and the minimum content set for in Section 2 of this RFP. NHRS may waive or offer a limited opportunity to cure immaterial deviations from the RFP requirements if it is determined to be in the best interest of the retirement system.

C. Final Technical Scoring of Proposals

Following a review of written clarifications of proposals requested by NHRS (if necessary) the evaluators will determine a final score for each proposal.

D. NHRS' Rights in Accepting and Evaluating Proposals

NHRS has the following rights in accepting and evaluation proposals:

1. Request additional information to clarify elements of a Proposal;
2. Waive minor or immaterial deviations from the RFP requirements;
3. Omit any planned evaluation step if, in NHRS' view, the step is not needed;
4. At its sole discretion, reject any and all Proposals at any time;
5. Contract with one or more individuals as Alternate Hearings Examiners; and
6. Amend or terminate this RFP at its discretion at any time prior to appointing individuals as Alternative Hearings Examiners.

NHRS SERVICE AGREEMENT

THIS SERVICE AGREEMENT (“Agreement”) is made this [Month/Day/Year], by and between the NEW HAMPSHIRE RETIREMENT SYSTEM (“NHRS”) and the Contractor [Vendor Name] (the “Contractor”). NOW, THEREFORE, NHRS and the Contractor hereby agree as follows:

Section 1 SERVICES OF THE CONTRACTOR

- 1.1 **Scope of Services.** The Contractor shall furnish services as requested by NHRS and as set forth in the Contractor’s response to NHRS’ RFP for Hearings Examiner Services which is incorporated herein by reference and portions of which are attached hereto as Exhibit 1, to the extent that there is a conflict among the body of this Agreement and the Exhibit 1, the body of this Agreement shall take priority.
- 1.2 **Compliance with Law.** The Contractor warrants and represents that it will comply with all governmental ordinances, laws and regulations. This Agreement shall be governed in all respects by the laws, statutes and regulations of the United States of America and the State of New Hampshire. Any judicial proceeding brought by one party against the other party shall be brought in the courts of the State of New Hampshire.
- 1.3 **Licenses, Permits, and Fees.** The Contractor shall obtain, at its sole cost and expense, such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement.
- 1.4 **Insurance.** The Contractor shall keep in force Commercial liability insurance coverage of at least \$1,000,000 per occurrence and \$2,000,000 aggregate excess; and Workers’ compensation coverage as required by applicable insurance laws. Prior to the execution of this Agreement, and subsequently at the request of NHRS, the Contractor shall furnish NHRS with written or photocopied verification of the existence of such insurance.
- 1.5 **Independent Contractor.** In the performance of this Agreement, the parties hereto agree that the Contractor, and any agents and employees of the Contractor, shall act in the capacity of an independent contractor and not as officers or employees or agents of NHRS.

Section 2 COMPENSATION

2.1 Contract Pricing. TBD

2.2 Method of Payment. Payment terms NET 30. Invoices and all other billing communications should be directed to:

NHRS
Accounts Payable
54 Regional Drive
Concord, NH 03301
payable@nhrs.org
(603) 410-3500

Section 3 COORDINATION OF WORK

3.1 Agreement Administrator. Annie Gregori is designated to be the NHRS Agreement Administrator during the term of this Agreement (“Agreement Administrator”). NHRS shall have the right to designate another Agreement Administrator upon written notice to the Contractor. All correspondence and related submission from the Contractor shall be submitted to:

Annie Gregori
Chief Legal Counsel
New Hampshire Retirement
System 54 Regional Drive,
Concord, NH 03301
603-410-3526

3.2 Amendments. This Agreement may be modified, amended, changed, added to or subtracted from by the mutual consent of the parties hereto, if such amendment or change is in written form and executed with the same formalities as this Agreement and attached to the original Agreement to maintain continuity.

3.3 Assignment. The Contractor shall not assign or subcontract the whole or any part of this Agreement without the prior written consent of NHRS, and any attempt to so assign or subcontract shall be invalid. No assignment shall relieve the Contractor of its obligations hereunder. This Agreement will be binding upon the Contractor’s successors and permitted assignees.

Section 4 TERM

- 4.1 Term.** Unless earlier terminated by NHRS in accordance with subsection 4.2 below, the term for this Contract shall begin on [Month/Date/Year], and shall continue for three years, except that subsections 5.4, 5.7, 5.8, and 5.9 below shall survive. The Contract may be extended for up to two additional terms of up to one (1) year each, ("Extended Term") at the sole option of NHRS, subject to the parties prior written Agreement on applicable fees for each extended Term, under the same terms and conditions, subject to approval and funding.
- 4.2 Termination.** NHRS may terminate this agreement for any reason by giving the Contractor at least 30-days written notice of termination. In the event of Termination, all liabilities between the parties shall cease, except that Contractor shall be entitled to payment for actual services performed and reasonable expenses paid or incurred prior to the effective date of termination.

Section 5 MISCELLANEOUS PROVISIONS

- 5.1 Conflicts of Interest.** The Contractor shall not engage any Trustee or employee of NHRS in a position that would constitute a violation of New Hampshire Code of Ethics, a copy of which can be found on NHRS website <https://www.nhrs.org/about-nhrs/policies> (the "Ethics Policy").
- 5.2 Background Checks.** The Contractor shall perform a criminal background check on all of its employees who perform work on NHRS' property. The Contractor's employees performing work on NHRS' must not have been convicted of a felony or any crime involving theft. A list of employees authorized to work on NHRS' property and the results of their background checks shall be provided to NHRS by the Contractor upon request.
- 5.3 Unauthorized Persons.** Unless specifically authorized by the Agreement Administrator, under no circumstance shall another person or persons accompany the Contractor or the Contractor's employees onto NHRS' property while the Contractor is conducting work under this contract.
- 5.4 Confidential Information/Security.** Confidentiality of NHRS information is required. All materials and documents provided by NHRS, employers or participants in the plans administered by NHRS, or NHRS' vendors, or located in NHRS buildings, shall constitute confidential information. The Contractor shall maintain confidentiality in accordance with industry standards and State and federal law. Neither the Contractor nor its employees will disclose, release or communicate any confidential information to any third person, individual, organization or entity without specific authorization by NHRS. Any violation or breach of this provision will constitute grounds for immediate termination of the Agreement and shall entitle NHRS to all remedies available in law or equity.

- 5.5 Solicitation/Political Contributions.** The Contractor warrants that it has not employed or contracted with any company or person, other than for assistance with the normal study and preparation of a proposal, to solicit or secure this Agreement and that it has not paid, or agreed to pay, any company or person, other than a bona fide employee working solely for the Contractor, any fee, commission, percentage, brokerage fee, gift, or any other Agreement. For breach or violation of this warranty, NHRS shall have the right to annul this Agreement without liability or, in its discretion to otherwise recover the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee. Licensor acknowledges that Licensee is required to comply with Licensee's Political Contributions Policy adopted by the Licensee, revised January 14, 2014, and a copy of which can be found on NHRS website <https://www.nhrs.org/about-nhrs/policies> (the "Contribution Policy").
- 5.6 Non-Discrimination in Employment.** NHRS' contracts for services are subject to statutory conditions related to non-discrimination in employment, RSA 354-A. The Contractor has read and agrees to these conditions.
- 5.7 Access to Records.** The Contractor shall maintain all books, documents, payrolls, papers, accounting records and other evidence pertaining to this Agreement for a period of seven (7) years following termination of this Agreement. The Contractor shall allow inspection of pertinent documents by NHRS or its authorized representatives at the Contractor's office upon reasonable notice and shall furnish copies of the documents if requested.
- 5.8 Indemnity.** The Contractor will indemnify, defend, and save harmless NHRS, its Trustees, employees, and agents from any and all claims, costs, expenses, injuries, liabilities, losses and damages of every kind and description resulting from or arising out of the performance of this Agreement by the Contractor, its employees, agents, or subcontractors. This indemnification does not extend to a claim that results solely and directly from (i) NHRS' negligence or unlawful act, or (ii) action by the Contractor taken in reasonable reliance upon an instruction or direction given by an authorized person acting on behalf of NHRS in accordance with this Agreement. Nothing in this Agreement shall be construed as a waiver of the privileges or immunities of NHRS, its Board of Trustees, or its employees.

- 5.9 Notice of Claims.** The Contractor shall give the Agreement Administrator immediate notice in writing of any legal action or suit filed related in any way to this Agreement or which may affect the performance of the Contractor under this Agreement.
- 5.10 Severability.** The invalidity or unenforceability of any particular provision or part thereof of this Agreement shall not affect the remainder of said provisions, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision or part thereof had been omitted.
- 5.11 Force Majeure.** The performance of an obligation by a party under this Agreement shall be excused in the event that performance of that obligation by that party is prevented by an act of God, act of war, riot, fire, explosion, flood or other catastrophe, sabotage, severe shortage of fuel, power or raw materials, change in law, court order, national defense requirement, or strike or labor dispute, provided that any such event and the delay caused thereby is beyond the control of, and could not reasonably be avoided by, that party. In the event of the Contractor's non-performance caused by any of the foregoing reasons, NHRS may, at its discretion, extend the time period for performance of the obligation excused under this section by the period of the excused delay together with a reasonable period to reinstate compliance with the terms of this Agreement.
- 5.12 Vendor Security Requirements.** The Contractor will comply with requests for Contractor's financial statements, NHRS ethics survey, business continuity plans, information security plans, policies and reports.
- 5.13 Entire Agreement.** This document contains the entire Agreement of the parties, and neither party shall be bound by any statement or representation not contained herein. No waiver shall be deemed to have been made by any of the parties unless expressed in writing and signed by the waiving party. The parties expressly agree that they shall not assert in any action relating to the Agreement that any implied waiver occurred between the parties which is not expressed in writing. The failure of any party to insist in any one or more instances upon strict performance of any of the terms or provisions of the Agreement, or to exercise an option or election under the Agreement, shall not be construed as a waiver or relinquishment for the future of such terms, provisions, option or election, but the same shall continue in full force and effect, and no waiver by any party of any one or more of its rights or remedies under the Agreement shall be deemed to be a waiver of any prior or subsequent rights or remedy under the Agreement or at law.

IN WITNESS WHEREOF, NHRS and the Contractor, by their representatives duly authorized, have entered into this Agreement as of the date first written above.

New Hampshire Retirement System

By:

Name:

Title:

The Contractor [Business Name]

By:

Name:

Title:

Price Sheet

Hourly Rate: _____

Any Special Payment Terms:

Any Additional or Explanatory Information:

Bidder Name:

Bidder Signature (written): _____ Date: _____

Bidder Address:

Annie Gregori, Agreement Administrator
New Hampshire Retirement System
54 Regional Drive
Concord, NH 03301

Note: Hourly rate of \$150.

Re: Proposal for Hearing Examiner Services

Dear Attorney Gregori:

Below is my proposal to serve as an alternate hearings examiner/presiding officer in New Hampshire Retirement systems adjudicatory proceedings.

A. Background and Experience

My legal background has prepared me well for the position of Hearings Examiner with the New Hampshire Retirement System.

I began my legal career as a law clerk with the New Hampshire Superior Court, where I assisted judges throughout the state. My responsibilities included conducting legal research, drafting written orders at the direction of the court, and observing and monitoring hearings. During my clerkship, I drafted approximately seventy Superior Court orders across a wide range of civil and criminal matters.

I later entered private practice, where I became a shareholder at the Nashua firm of Sullivan & Gregg, and then a founding partner of Merra & Kanakis, P.C. Most recently, I served as a staff attorney with New Hampshire Legal Assistance's Housing Justice Project in Manchester. I stepped down from that position in April 2025 following my relocation to Peterborough, but I continue to provide volunteer services to NHLA.

My practice has focused primarily on civil litigation. I have represented national financial institutions and commercial clients, including Citizens Bank, N.A., M&T Bank, and Yankee Barn Homes. I also handled numerous personal injury cases involving complex medical issues. I have drafted dispositive pleadings in the superior court as well as appellate briefs to the New Hampshire Supreme Court, including the defendant's brief in *Private Jet Services Group v. Tauck, Inc.*, 2024 N.H. 2 (decided April 23, 2024), in which we prevailed on a novel contract interpretation issue.

I also have administrative law experience, including matters before the New Hampshire Department of Labor, the Social Security Administration, and multiple private arbitration proceedings.

While I have not practiced in the area of pension law or appeared before the New Hampshire Retirement System, I am confident in my ability to oversee administrative hearings as well as research and apply the relevant statutory and regulatory law to fairly and competently adjudicate matters that come before me. My experience as a law clerk reinforced the importance of careful

legal analysis in unfamiliar subject areas. Superior Court judges were routinely presented with issues outside their prior experience, yet consistently rendered thoughtful and well-reasoned decisions grounded in the law. I would bring that same disciplined and impartial approach to the role of Hearings Examiner.

B. Resume See Attached Resume.

C. Plan to Handle Administrative Tasks

All administrative tasks would be handled in house. This would include but not be limited to opening intakes, letters of introduction, conflict checks (name, related parties, opposing parties, subsidiaries, directors, etc.), creation of physical and digital files, scheduling, docketing/calendaring of hearing dates and billing.

D. Conflict Procedure

At the commencement of any intake I would request from all persons the name and address of the party requesting the hearing, employer's name, and a list of potential witnesses as well as a brief description of the matter.

I maintain an extensive database from my time in private practice and would search that database to identify whether the involved parties in the NHRS matter are former clients or have other connections to former clients that could create a conflict of interest.

If potential matches appear, they will be disclosed in accordance with the NH Rules of Professional Conduct and a determination made whether the conflict presents direct adversity to a former client, a substantially related matter involving a former client, or another type of conflict under applicable professional conduct rules. If a conflict is determined to exist I will determine whether it is non-consentable (requiring me to decline further involvement in the proceeding) or consentable with informed written waivers from all affected parties.

E. References

I retired from private practice more than 4 1/2 years ago and in lieu of all client references (I did include one from NHLA) I am providing the names and contact information of my supervisors at New Hampshire Legal Assistance.

Cheryl S. Steinberg, Esq.
Director, Justice in Aging Project
New Hampshire Legal Assistance
117 North State Street
Concord, NH 03301
Tel.: (603) 206-2210
Email: csteinberg@nhla.org

Lauren Greenwald, Esq.
Director, Housing Justice Project
New Hampshire Legal Assistance
154 High Street
Portsmouth, NH 03801
Tel.: (603) 261-2850

Email: LGreenwald@nhla.org

Linda Mendes (former client)
3 Simpson Road
Pelham, New Hampshire 03076
Cell: 603-546-8519

F. Certification

I certify that I am a member in good standing of the New Hampshire bar and have not been disbarred or suspended by any jurisdiction at anytime from the date of my admission (1985) until the present.

G. Professional Liability Coverage

I am presently covered under a malpractice policy with New Hampshire Legal Assistance related to my ongoing volunteer work. I also purchased tail coverage related to my time in private practice through September 30, 2026. If this proposal is accepted, I would terminate my volunteer work at NHLA and the associated coverage and obtain new coverage beginning on or before the commencement date of my contract within the limits as outlined in the RFP.

Very truly yours,

/s/ Michael F. Merra

Michael F. Merra

MFM/cac

MICHAEL F. MERRA

508 Southfield Lane
Peterborough, New Hampshire 03458
(603) 582-6708
m.merra@gmail.com

PROFILE

Civil litigation attorney with over 30 years of experience in New Hampshire state courts, including the District/Circuit Courts, Superior Court, and Supreme Court.

Lead counsel in complex business litigation representing banks and commercial institutions, as well as plaintiffs in serious personal injury and wrongful death matters in New Hampshire and Massachusetts.

Authored appellate briefs and presented oral argument before the New Hampshire Supreme Court.

Conducted more than 100 private and court-ordered mediations as a practicing attorney and certified New Hampshire Superior Court Rule 170 mediator.

PROFESSIONAL EXPERIENCE

Staff Attorney

New Hampshire Legal Assistance – Housing Justice Project, Manchester, NH

April 2023 – June 2025

Represented tenants statewide in eviction proceedings involving public and private housing. Handled cases involving termination of housing vouchers, foreclosure-related displacement, and housing discrimination under the federal Fair Housing Act and related statutes.

Founding Partner

Merra & Kanakis, P.C., Nashua, NH

September 1996 – September 2021

Co-founded and managed a general practice law firm concentrating in personal injury, commercial litigation, and general civil litigation. Served as lead counsel in complex litigation matters from inception through trial and appeal.

Partner

Sullivan & Gregg, P.A., Nashua, NH

November 1990 – September 1996

Partner in a fourteen-attorney firm representing individuals and businesses in civil litigation, with an emphasis on commercial disputes, personal injury, and workers' compensation matters.

Associate

Winer, Pillsbury & Bennett, Nashua, NH

February 1987 – January 1990

Law Clerk

New Hampshire Superior Court, Concord, NH

1985 – 1986

Prepared bench memoranda and analyzed complex legal issues; outlined legal questions and recommendations for trial; drafted orders, opinions, and other judicial writings for review by the presiding judge.

EDUCATION

New England School of Law, Boston, MA

J.D., cum laude, 1985

Editor, *New England Law Review*

Author, *Bob Jones University v. United States: The Emergence of IRS Quasi-Legislative Authority*, 19 New Eng. L. Rev. 917 (1984)

University of Notre Dame, South Bend, IN

B.A., Psychology, 1981

BAR ADMISSIONS & PROFESSIONAL AFFILIATIONS

Admitted to practice in New Hampshire and Massachusetts (both in good standing)

Member, New Hampshire Trial Lawyers Association

COMMUNITY INVOLVEMENT

Founder, Granite State Flash Junior Cross Country Program

Coach of 2005, 2006, and 2009 National Championship teams

Varsity Coach, Nashua High School South (2010–2016)

Owner and Operator, North Star Timing (www.northstartiming.com)

Completed 10 marathons (8 after turning 50)

This page intentionally left blank

This page intentionally left blank

Trustee Travel

No Travel Requests Submitted



NHRS

New Hampshire Retirement System

To: NHRS Board of Trustees
From: Jan Goodwin, Executive Director
Date: March 26, 2026
Re: February 10, 2026 - Action Items
Item: *Action:* *Discussion:* *Informational:*

-
- | | |
|--|-------------------|
| 1. Post and distribute June 30, 2025 GASB 68 & 75 Reports | MM/PIO |
| o Action: Completed | |
| 2. Execute amended Plante Moran contract | MM/AG |
| o Action: Completed | |
| 3. Execute contract with Wipfli Advisors, LLC | JG/AG |
| o Action: Completed | |
| 4. Post revised Governance Manual | AG/PIO |
| o Action: In process | |
| 5. Implement Board decisions on the Consent Agenda | DC |
| o Action: Completed | |
| 6. Execute contracts for IT projects approved at December Board meeting | SG |
| o Action: Completed | |
| 7. Send letter to Legislature noting Board's opposition to House Bill 1024 and House Bill 1585 | AG/DC |
| o Action: Completed | |
| 8. Post revised NHRS Employee Handbook | RC |
| o Action: Completed | |
| 9. Execute amendment to GMP contract with Milestone Construction | JG/MM/RL |
| o Action: Completed | |
| 10. Negotiate and Execute Contracts for 80 Commercial Street Relocation | JG/ E-Team |
| o Action: In process | |

Our Mission: To provide secure retirement benefits and superior service.

BOARD CHECKPOINT DISCUSSION



New Hampshire Retirement System
54 Regional Drive, Concord, NH 03301
Phone: (603) 410-3500 - Fax: (603) 410-3501
Website: www.nhrs.org - Email: info@nhrs.org

TO: Senator Howard Pearl, Chair, Senate Executive Departments & Administration Committee
Representative Erica Layon, Chair, House Executive Departments & Administration Committee

FROM: New Hampshire Retirement System Board of Trustees (Prepared by Jan Goodwin, Executive Director)

RE: Quarterly Report to the General Court – April 1, 2026

Dear Senator Pearl and Representative Layon:

Pursuant to RSA 100-A:14, VII-a, the Board of Trustees of the New Hampshire Retirement System (NHRS, the retirement system) is submitting this quarterly report to the General Court.

Here is a summary of NHRS activities during the quarter ending March 31, 2026:

- NHRS continues its work to interpret and implement changes related to Group II, Tier B (Police and Fire) pensions as created by HB 282, including receiving a legal interpretation from Groom Law Group, NHRS' independent tax and fiduciary counsel. NHRS staff has met with legislative leaders and the Attorney General's Office throughout the process of interpretation. In addition, staff have met with members of the employee groups affected.
- NHRS continues its work on the renovation of its new office at 80 Commercial Street, including engaging Milestone Construction, LLC, for construction management services.

In addition to this cover letter, the report contains:

- An executive summary of NHRS Board activity from October and December.
- Approved minutes of the December 9, 2025, Board meeting and draft minutes of the February 10, 2026, Board meeting.
- Quarterly Total Fund investment information through December 31, 2025, which is the most recent quarterly data available.
- Monthly investment information on marketable assets through February 28, 2026, which is the most recent data available.
- Quarterly Investment Compliance Notice provided to the Legislative Budget Assistant.

If you have any questions or would like additional information, please do not hesitate to contact me.

Respectfully,

Jan Goodwin
Executive Director

cc: Office of Governor Kelly Ayotte

**Executive Summary of
New Hampshire Retirement System (NHRS)
Board of Trustees Meeting**

February 10, 2026

At the February 10, 2026, regular bi-monthly meeting of the NHRS Board of Trustees, the Board took the following actions:

The Board accepted the June 30, 2025, Governmental Accounting Standards Board Statements 68 & 75 Audit Reports.

The Board amended Plante Moran financial statement audit contract to include census audits. The contract and the FY 26 Trust Fund budget were increased by \$75,000.

The Board approved the selection of Wipfli Advisory LLC to provide internal audit services and authorize an increase in the FY 26 Trust Fund budget of \$45,000.

The Board accepted the recommendation of the Legislative Committee to oppose House Bill (HB) 1024 and HB 1585 due to concerns that the proposals would interfere with the fiduciary duties of NHRS Trustees and staff.

The Board authorized NHRS to enter into a retroactive, sole-source amendment of \$84,587 to the existing Guaranteed Maximum Price contract with Milestone Construction and authorize an increase to the FY Trust Fund Capital Expenses Budget of \$85,000 for the renovations to 80 Commercial Street.

Additional details regarding actions and discussions of the NHRS Board of Trustees may be found in the archive of meeting minutes posted on www.nhrs.org. The direct link to this page is: <https://www.nhrs.org/about-nhrs/board-of-trustees/meeting-minutes>

CY 2026 BOARD ACTION CALENDAR**JANUARY 2026 – No Meeting****FEBRUARY**

Date	Board Action Item	Requirement	Responsible Party
2/10/26	Board and Audit Committee approval of FY24 GASB 68/75 Reports	Best Practice	Board of Trustees
2/10/26	Annual Governance Manual revisions	Best Practice	Board of Trustees
2/10/26	Presentation of Capital Markets Assumptions	Best Practice	Investments
2/10/26	Quarterly IIC Report (Incl Inv. Fees and Sole Interest Statement)	RSA 100-A:15, II-a(c)	IIC
2/10/26	Trustee Education	Best Practice	ED
2/10/26	BCP Testing Report	Best Practice	ED
2/10/26	Initiate Review of Strategic Plan - PAA	Best Practice	Board of Trustees
2/10/26	Confirm quarterly report to chairpersons of House & Senate ED&A Committees describing recent Board actions including any changes to actuarial assumptions and investment returns and Sole Interest Statement were submitted.	RSA 100-A:14, VII-a & RSA 100-A:15, II-a(c) & VIII(b)	ED

MARCH – No Meeting**APRIL**

Date	Board Action Item	Requirement	Responsible Party
4/14/26	Confirm quarterly report to chairpersons of House & Senate ED&A Committees describing recent Board actions including any changes to actuarial assumptions and investment returns and Sole Interest Statement were submitted.	RSA 100-A:14, VII-a & RSA 100-A:15, II-a(c) & VIII(b)	ED
4/14/26	Approve the Strategic Plan	Best Practice	Board of Trustees
4/14/26	Annual VCP Review	Best Practice	Legal/Board of Trustees

MAY – No Meeting

JUNE

Date	Board Action Item	Requirement	Responsible Party
6/9/26	Review and Approve annual Trust Fund Budget (non-statutory portion)	Best Practice	Board of Trustees
6/9/26	Quarterly IIC Report (Incl Inv. Fees)	RSA 100-A:15, II-a(c)	IIC

JULY – No Meeting**AUGUST**

Date	Board Action Items	Requirement	Responsible Party
8/11/26	Annual IIC Real Estate update to the Board	Best Practice	IIC
8/11/26	Review and Approve Biennial Administrative Budget	RSA 100-A:14, XIII	Board of Trustees
8/11/26	Review and Approve Actuarial Valuation and Rate Certification	RSA 100-A:14, X	Board of Trustees
8/11/26	Office of Foreign Asset Control (OFAC) Compliance Report	Best Practice	Board of Trustees
8/11/26	Working After Retirement Report	Best Practice	Board of Trustees
8/11/26	Confirm quarterly report to chairpersons of House & Senate ED&A Committees describing recent Board actions including any changes to actuarial assumptions and investment returns and Sole Interest Statement were submitted.	RSA 100-A:14, VII-a & RSA 100-A:15, II-a(c) & VIII(b)	ED

SEPTEMBER – No Meeting**OCTOBER**

Date	Board Action Items	Requirement	Responsible Party
10/13/26	Confirm quarterly report to chairpersons of House & Senate ED&A Committees describing recent Board actions including any changes to actuarial assumptions and investment returns and Sole Interest Statement were submitted.	RSA 100-A:14, VII-a & RSA 100-A:15, II-a(c) & VIII(b)	ED
10/13/26	Gainful Occupation Report	RSA 100-A:6, III(b)	Board of Trustees
10/13/26	Review charters for Board Committees	Governance Manual	Appropriate Board Committee
10/13/26	Annual Board Fiduciary Education	Best Practice	Board of Trustees
10/13/26	Annual Independent Medical Examiner (IME) Review	IME Policy	Board of Trustees
10/13/26	Set Board of Trustees meeting schedule for next calendar year	Governance Manual	Board of Trustees
10/13/26	Quarterly IIC Report (Incl Inv. Fees)	RSA 100-A:15, II-a(c) & VIII(b)	IIC
10/13/26	Call Firefighter Report	Best Practice	Board of Trustees

NOVEMBER – No Meeting**DECEMBER**

Date	Board Action Items	Requirement	Responsible Party
12/8/26	Audited ACFR to Audit Committee and Board for approval	RSA 100-A:15, VI(a)	External Auditor
12/8/26	Audit Committee recommends that the Board approve the audited ACFR	RSA 100-A:15, VI(a)	Board of Trustees
12/8/26	RSA 15-A Statement of Financial Interests Reminder – due 3 rd Fri. in Jan	RSA 15-A	Board of Trustees
12/8/26	The IIC recommends that the Board approve the CAIR	RSA 100-A:15, VII	Board of Trustees
12/8/26	Present annual ethics survey results	Ret. 401	Legal
12/8/26	Quarterly IIC Report (Incl Inv. Fees)	RSA 100-A:15, II-a(c) & VIII(b)	IIC
12/8/26	Deadline for issuing member statements for fiscal year ending 6/30/25	RSA 100-A:14, XI	Board of Trustees
12/8/26	ACFR and CAIR delivered per statute	RSA 100-A:15, VI(c)	PIO

**New Hampshire Retirement System Board of Trustees
As of March 25, 2026**

Jon Frederick, Jaffrey
September 21, 2022, to September 5, 2025
NH Municipal Association

Sue Ellen Hannan, Derry
July 27, 2018, to July 1, 2021
NH Education Association

Maureen Kelliher, Dover
June 18, 2014, to July 13, 2025
Non-member Trustee

Robert Maloney, Holderness
July 27, 2018, to July 13, 2024
Non-member Trustee

Andrew Martineau, Bow
February 26, 2025, to July 1, 2027
NH State Permanent Firemen's Association

Leah McKenna, Concord
December 18, 2024, to July 1, 2027
State Employees' Association

Kenneth Merrifield, Franklin
March 24, 2021, to July 13, 2025
NH State Employer

Monica Mezzapelle, Concord
March 25, 2020, to December 4, 2026
State Treasurer

Charles Nickerson, Rochester
March 25, 2026, to July 13, 2028
NH Association of Counties

Joshua Quigley, Bedford
October 19, 2022, to July 1, 2027
NH Police Association

Donald M. Roy, Jr., North Hampton
July 13, 2011, to July 13, 2025
NH School Boards Association

Steven G. Saltzman, Concord
March 12, 2025, to November 30, 2025
Non-member Trustee

Vacant - Non-member Trustee

**NHRS Board of Trustees
Committee Membership List
as of March 25, 2026**

Committee	Audit	Benefits	Governance	Legislative	PPCC	Ad Hoc Real Estate	Investment
Staff Liaison	Jan Goodwin	Diana Crichton/ Nancy Miller	Annie Gregori	Jan Goodwin	Rosamond Cain	Jan Goodwin	Raynald Leveque
Frederick, Jon		X-Ch		X			
Hannan, Sue				X	X-Ch	X	
Kelliher, Maureen					X	X	X
Maloney, Robert	X		X		X		
Martineau, Andrew		X		X			
McKenna, Leah	X	X					
Merrifield, Ken				X-Ch	X		
Mezzapelle, Monica	X-Ch		X				
Nickerson, Charles	X	X					
<i>Vacant</i>							
Quigley, Joshua				X	X	X-Ch	
Roy, Donald		X	X-Ch			X	
Saltzman, Steven	X		X				
TOTAL MEMBERS	5/5	5/5	4/5	5/5	5/5	4/4	1/6*

*Per RSA 100-A:14-b,I, the Independent Investment Committee shall consist of not more than 6 members, and up to 2 of whom shall be Trustees.

NHRS Abbreviations and Acronyms

About this document: This list of NHRS abbreviations and acronyms is for the purpose of familiarizing all staff, the Board of Trustees and the Independent Investment Committee with common terms NHRS uses externally. Some NHRS abbreviations/acronyms are intended for internal use only and are indicated by an asterisk (*). This document is a reference guide to help NHRS be consistent and accurate in our communication with colleagues, our members, retirees and their beneficiaries, participating employers, and stakeholders.

Style note: Spell out NHRS abbreviations and acronyms on first reference and put the abbreviation or acronym in parenthesis directly after the word for use on the second or subsequent references in a written document, *e.g., The retiree called the NHRS Contact Center to ask why he doesn't receive cost-of-living adjustments (COLAs) every year. The contact center representative replied that COLAs are determined by the NH Legislature and encouraged the retiree to contact his state representatives.* If there is no second reference, then there is no need to add the abbreviation or acronym in parenthesis after the word.

GENERAL

AU* – Audit

ACFR – Annual Comprehensive Financial Report

BET – Bureau of Education and Training

BOT* – Board of Trustees (BOT can be used on second reference but only internally)

Board – For Board of Trustees, second reference only

CAIR – Comprehensive Annual Investment Report

CCR* – Contact Center Representative

EE* – Employee

ER* – Employer

ERT – Employer Reporting Team

E-Team* – Executive Team

FA* – Facilities

FT-10 – Full-Time 10 months – full-time 10-month employees (generally teachers)

FT-12 – Full-Time 12 months – full-time 12-month employees

HB2 – House Bill 2 (2011 version, which made major changes to NHRS benefits)

IIC – Independent Investment Committee

JLMC* – Joint Loss Management Committee, also known as Safety Committee

M-Team* – Management Team

MS* – Member Services

NHRS – New Hampshire Retirement System

OPEB – Other Post-Employment Benefits (i.e., Medical Subsidy)

P. Sub (or “subs”)* – Political Subdivision (i.e., any NHRS employer other than the state)

PIO* – Public Information Office(r)

PPCC – Personnel, Performance and Compensation Committee

RSA 91-A – A New Hampshire statute that allows citizens the right to know when public bodies or public agencies meet, and with provisions, the right for a citizen to inspect governmental records.

RSA 100-A – State statute governing NHRS

RTK – Right-to-Know law (alternative term in reference to RSA 91-A)

SAU – School Administrative Unit

SD – School District

SME* – Subject Matter Expert

Trustees – Used on second reference only for Board of Trustees (choose either Board or Trustees for use on second reference and use the one term consistently throughout the document and not interchangeably).

UAAL – Unfunded Actuarial Accrued Liability

BENEFITS

ADR – Accidental Disability Retirement (job-related)

AFC – Average Final Compensation (used in pension calculation as formulated by the state)

COB – Compensation Over Base (pay above base salary)

COLAs – Cost-of-Living Adjustments

EDD – Electronic Direct Deposit

ESDP – Extra or Special Duty Pay

FAS – Final Average Salary (part of pension calculation)

GI/GII – Group I (Employee, Teacher) / Group II (Police, Fire)

GO* – Gainful Occupation (employment status for disability benefits)

IME – Independent Medical Examiner/Examination (third-party medical evaluation)

ODR – Ordinary Disability Retirement (non-job-related)

Pre-lim* – Preliminary retirement benefit

QDRO – Qualified Domestic Relations Order

RET 304 –Contribution Adjustment, Earnable Compensation and Service Adjustment as described in the Administrative Rules

SP* – Service Purchase

SPC* – Service Purchase Contract

Tier A – Members vested by 1/1/12

Tier B – Members hired prior to 7/1/11 but not yet vested by 1/1/12

Tier B+ – Tier B members who qualify for new benefits under HB 282 (as of July 1, 2025) once the member's vested by date becomes effective

Tier C – Members hired on or after 7/1/11

TPS* – Treating Physician's Statement

TSA* – Temporary Supplemental Allowance (a one-time retiree payment)

VADR – Violent Accidental Disability Retirement (for Group II (Police and Fire) members) – a disability as a result of a violent attack with a deadly weapon in the line of duty

BUSINESS OPERATIONS/VENDORS

APs* – Action Plans

GRS – Gabriel, Roeder, Smith & Co (NHRS actuary)

KPMG – Former NHRS audit firm

KPMs* – Key Performance Measures

LRS – Levi, Ray and Shoup, Inc. (Pension Gold vendor)

LRWL – Consultant firm of PG upgrade (PGV3)

OFAC – Office of Foreign Assets Control

PM* – Plante Moran (NHRS' external auditor)

PPM* – Policy and Procedure Manager (database software system for NHRS policies/procedures)

RDI – Returned Deposit Item

RFI – Request for Information

RFP – Request for Proposal (open invitation for vendors to respond to with a bid for doing a specific project or service)

RFQ – Request for Qualifications

UPS – United Parcel Service

USPS – United States Postal Service

HUMAN RESOURCES (HR)

ADD* – Avoid, Deny, Defend (three-step plan to respond to a threat, e.g.: active shooter)

AED – Automated External Defibrillator

CBA – Collective Bargaining Agreement

CHERP – Community Health Education Reimbursement Program

CRASE – Civilian Response to Active Shooter Event

DCA – Dependent Care Account – A pre-tax benefit that can be used on eligible personal care, such as daycare, of qualifying dependents

EAP – Employee Assistance Program

FMLA – Family Medical Leave Act

FSA – Flexible Spending Account, another term for DCA

HAT – Health Assessment Tool – Incentive for Anthem-insured members to take an annual health questionnaire and earn a monetary reward for meeting certain qualifying health standards

INVESTMENT

ARR – Assumed Rate of Return

IMA – Investment Management Agreement

LTM – Last 12 months

PC – Private Credit

PE – Private Equity

RE – Real Estate

SAA – Strategic Asset Allocation

IT – INFORMATION TECHNOLOGY/APPLICATIONS

DRQ* – Document Review Queue (Queue in Pension Gold (PG) where all documentation is organized)

DRS – NHRS Data Reporting System (vendor & employer portal)

MFA – Multi-Factor Authentication (a layered security process used to protect data and applications that requires two or more personal identification methods to access the system or application)

PG – Pension Gold (pension application from LRS), also referred to as PGV3 (PG Version 3)

PIN – Personal Identification Number

PIR* – Problem/Incident Report

LEGISLATIVE

FNW – Fiscal Note Worksheet (Bill cost analysis document)

HB – House Bill (proposed legislation under consideration by the House)

ITL – Inexpedient to Legislate (when a legislative committee reviews a bill, it can recommend that the full body not pass the legislation.)

JLCAR* – Joint Legislative Committee on Administrative Rules

LOB – Legislative Office Building

LSR – Legislative Services Request (a request to draft a bill)

OTP – Ought to Pass (when a legislative committee reviews a bill, it can recommend that the full body pass it.)

OTPA – Ought to Pass with Amendment (when a legislative committee reviews a bill, it can recommend that the full body pass an amended version.)

RET 304 – Section of NH Administrative Rules outlining procedures for adjusting member contributions, earnable compensation, and service credit within NHRS

SB – Senate Bill (proposed legislation under consideration by the Senate)

SH – State House

OTHER

BCCRR – Boston College Center for Retirement Research

G&C – Governor & Council

GASB – Governmental Accounting Standards Board

GFOA – Government Finance Officers Association

JRP – Judicial Retirement Plan (not affiliated with NHRS)

NHMA – New Hampshire Municipal Association

NASRA – National Association of State Retirement Administrators

NCPERS – National Council on Public Employee Retirement Systems

NCTR – National Council on Teachers Retirement

NHASBO – New Hampshire Association of School Business Officials

NIRS – National Institute for Retirement Security

P2F2 – Public Pension Financial Forum

COMMON BUSINESS TERMS

COB* – Close of Business

CYTD – Calendar Year to Date

EOB* – End of Business

EOD – End of Day

FYTD – Fiscal Year to Date

ITO – In the Office

WFH – Working from Home

OOO – Out of Office

Updated: November 17, 2025