New Hampshire Retirement System
Board of Trustees

Governance Manual

Updated: August 4, 2026

New Hampshire Retirement System
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1.1 – Introduction and Purpose
Date Adopted: September 9, 2008
Amended & Restated: February 10, 2026
Revised: August 4, 2026

The Board of Trustees of the New Hampshire Retirement System (the "Board" and "NHRS," respectively) recognizes that sound governance practices are essential to fulfilling its fiduciary duties and responsibilities. This Governance Manual has been prepared to explain the roles, responsibilities, policies, procedures, and activities of the Board of Trustees. It also serves as an orientation guide for new Trustees and an ongoing reference manual for the Trustees and NHRS staff.

The contents of this Manual are to be construed in harmony with federal and state law. If anything in this Manual is contrary to law, the law prevails. Any questions about the contents of this Manual can be directed to the Board Chair, the Executive Director, or the Chief Legal Counsel.

The Board will review the policies and overall content of the Governance Manual regularly. The Board is empowered to make policy or procedure modifications to the Manual by a two-thirds vote. The purpose of this Governance Manual is to:

- Describe the roles and responsibilities of the Board of Trustees as a Board, the individual Trustees in their role as such, and the Committees of the Board.
- Establish a Board Meeting Protocol and Committee Charters that provide for the manner in which the Board will conduct itself so as to enable the Board to carry out its responsibilities as effectively and efficiently as possible, and in accordance with state and federal law.
- Set forth, and ensure compliance with, policies and procedures established by the Board so as to enable the Board of Trustees to fulfill its statutory and fiduciary responsibilities.
- Facilitate the organized, efficient, and cohesive functioning of the Board.
- Facilitate effective communication among the Trustees, staff, plan members, employers, and other external parties.
- Define responsibility and accountability between the Board and staff for hiring and monitoring outside service providers.
- Document the method by which the Board will evaluate the Executive Director on a regular basis.

1.2 – Overview of the Retirement System

Amended & Restated: February 10, 2026
Revised: August 4, 2026

History

The New Hampshire Retirement System (NHRS) was established in 1967 to consolidate and replace four separate pension plan systems: the New Hampshire Teachers Retirement System, the New Hampshire State Employees' Retirement System, the New Hampshire Policemen's Retirement System, and the New Hampshire Permanent Firemen's Retirement System. NHRS provides service retirement, disability, and survivor benefits for most full-time state employees, employees of political subdivisions, public school teachers and administrators, permanent police officers, and permanent firefighters.

NHRS was created by the New Hampshire Legislature and is a qualified (tax-exempt) governmental plan within the meaning of the United States Internal Revenue Code. The legal authority for NHRS to mandate contributions, control investments, and administer benefits can be found in RSA 100-A, the NH Constitution, and the Internal Revenue Code. NHRS functions as an independent unit of State government. It is not part of the executive or legislative branch of State government.

Board of Trustees

NHRS is governed by a Board of Trustees made up of 13 members and is charged with oversight of the administration of benefits and the investment of assets. The Trustees are fiduciaries, and as such have the highest standard of law placed upon them. Each is expected to discharge his or her duties with the utmost honesty and integrity and to act solely in the interest of the members, retirees, and beneficiaries for the exclusive purposes of providing benefits and paying the reasonable expenses of administering NHRS.

The State Treasurer is an ex officio voting member of the Board. The Governor and the Executive Council appoint four non-member Trustees, who must be qualified persons with institutional investment and/or financial experience and are not members of NHRS.

The remaining eight Trustees are appointed by the Governor and the Executive Council from a slate of candidates nominated by: (a) the employee organizations representing each of the four member classifications: employee, teacher, police, and fire; and (b) each of the four employer groups: local government, counties, schools, and the State.

All Trustees serve for a term of three years and may remain on the Board in holdover status until they are reconfirmed or until their successors are appointed and qualified. Whenever a vacancy occurs, the Governor and the Executive Council appoint a new Trustee to serve out the unexpired term from the same panel from which the former member was appointed. The Governor shall designate one of the nonmember Trustees to serve as Chairman of the Board of Trustees.

The Board may establish committees under RSA 100-A to assist in the administration of NHRS, of which only the Audit Committee is required by statute.

Membership

Membership is mandatory for most full-time public employees. Statistical information regarding membership is located in the Annual Comprehensive Financial Report (ACFR).

Contributions

NHRS is funded through a combination of employer and employee contributions and investment earnings. Employer contribution rates are set by the Board of Trustees in accordance with statutory provisions. Employee contribution rates are set by Statute.

Benefits

NHRS is a public defined benefit pension plan, meaning that the benefits are guaranteed and based upon an employee's years of service, salary history, and age. The benefits provided by NHRS include service retirement annuities and disability retirement annuities payable to eligible members as well as survivor annuities, death benefit payments payable to the designated beneficiaries, and a medical subsidy benefit.

Investments

Investment of NHRS assets is conducted by the Independent Investment Committee (IIC) and NHRS staff. Investment policy is set by the Board. For a detailed description, see the NHRS Investment Manual. Current investment information can be found on NHRS's webpage.

Operations

The Board hires an Executive Director to manage the day-to-day operations of NHRS. Information about the current outside professional service providers to NHRS can be found in the ACFR published on our webpage.

1.3 – Board Responsibilities
Amended & Restated: February 10, 2026
Revised: August 4, 2026

The Board of Trustees has certain responsibilities set forth in State law and other inherent responsibilities necessary for its prudent oversight of NHRS.

Together, these include the responsibility or authority to:

1. Adopt a strategic plan that is consistent with the statutory mandate and core values that set forth proper standards of behavior. The current strategic plan is contained in Appendix E of this Manual.

2. Establish governance policies to guide the Board in an effective and efficient manner. Those governance policies are contained in this Governance Manual.

3. Establish standing and special committees of the Board, as necessary.

4. Articulate and adopt policies.

5. Adopt an Investment Policy consistent with statutory requirements and current best industry practices including an appropriate asset allocation policy.

6. Hire the necessary professionals (e.g., actuaries, investment consultants, and legal counsel) to support the operation of NHRS.

7. Approve a Comprehensive Annual Investment Report, prepared by the IIC, for submission to the President of the Senate, the Speaker of the House, and the Governor.

8. Adopt a funding policy with necessary employer contribution rates to keep NHRS actuarially sound.

9. Adopt reasonable actuarial assumptions and methodologies upon the advice of the NHRS actuary.

10. Adopt a prudent administrative budget on a biennial basis and monitor compliance.

11. Ensure that an independent audit of NHRS' financial statements takes place each year.

12. Evaluate those to whom duties have been delegated on a regular basis.

13. Keep a record of all its proceedings.

14. File an Annual Comprehensive Financial Report for submission to the President of the Senate, the Speaker of the House, the Governor and the Commissioner of Administrative Services.

15. Provide annual statements to active members.
16. Report recent Board actions quarterly to the General Court.

As the NHRS plan sponsor, the New Hampshire Legislature is responsible for establishing:

1. The structure of the Board of Trustees and the Independent Investment Committee.
2. The types, levels, and funding of benefits to be provided.
3. The rate for employee contributions and the method for determining the rate for employer contributions.

1.4 – Responsibilities of Trustees and IIC Members

Date Adopted: January 12, 2016
Amended & Restated: February 10, 2026
Revised: August 4, 2026

In order for NHRS Trustees and IIC Members to meet their collective responsibilities, each Trustee and IIC Member has a personal responsibility to uphold the highest fiduciary standards and actively contribute to the governance of NHRS.

Each Trustee and IIC Member is responsible for:

1. Working constructively with other Trustees and IIC Members, in their appropriate roles, to set or support the strategic direction of NHRS.

2. Interacting appropriately with NHRS staff, outside service providers, employers, members, retirees, beneficiaries, and others.

3. Discharging his or her fiduciary duties with prudence, solely in the interest of all members and beneficiaries, and for the exclusive purpose of providing benefits, in accordance with the laws governing NHRS.

4. Incurring only reasonable expenses in carrying out his or her duties as a Trustee or Committee Member.

5. Preparing for Board and Committee meetings by reading materials provided in advance of the meeting and asking questions of staff.

6. Attending Board and Committee meetings and participating in discussion.

7. Respecting open meetings laws by not convening meetings with fellow Trustees or Committee Members outside properly noticed meetings and not entering into non-public session for reasons other than those outlined in RSA 91-A.

8. Acquiring and maintaining knowledge to effectively make decisions and evaluate those to whom duties have been delegated by reading publications and attending educational conferences related to NHRS business.

9. Promptly report any ethical concerns to the Board Chair, Vice Chair, or Chair of the IIC pursuant to the Code of Ethics. The Audit Committee Chair and/or the Chief Legal Counsel may also be copied on such reports.

10. Using reasonable care to prevent any other NHRS fiduciary from committing a breach of fiduciary duty.

11. Avoiding conflicts of interest or even the appearance of conflicts of interest and disclosing conflicts of interest as required by statute or administrative rules.

12. Refraining from any self-dealing with NHRS assets or using NHRS to promote a personal business or to gain financial rewards.

13. Maintaining confidentiality of member and beneficiary records and certain investment activity pursuant to law or NHRS policy.

1.5 – Board Responsibilities
Date Adopted: January 12, 2016
Amended & Restated: February 10, 2026
Revised: August 4, 2026

The Board has three officers: a Chair, a Vice Chair, and an Executive Director. The Chair is one of four non-member Trustees and is designated by the Governor. The Vice Chair is another non-member Trustee of the Board. The Executive Director acts as the Board Secretary. Responsibilities for the officers are listed below.

Board Chair

The Board Chair is charged with ensuring the integrity of the Board's decision-making processes, leading the Board meetings, facilitating discussions and motivating the Board to be as effective as possible in fulfilling its responsibilities and duties. Toward these ends, the Board Chair:

1. Presides over Board meetings.
2. Develops the meeting agendas in conjunction with the Executive Director.
3. Certifies any actions taken by the Board, when required.
4. Performs such additional duties as provided herein or as may be set by resolution of the Board.

As provided by statute, the Board Chair appoints Trustees to the subcommittees. In addition, the Board Chair appoints up to two Trustees to the IIC. Committee chairs serve one-year terms or until a successor is chosen.

Board Vice Chair

The Vice Chair presides over meetings in the absence or incapacity of the Board Chair and fulfills such other duties and responsibilities as assigned by the Board Chair or the Board. The Vice Chair is appointed by the Chair on an as-needed basis.

Executive Director

The Executive Director, or designee, has the following duties and responsibilities with respect to the Board:

1. Maintain a current list of the membership of the Board and of each committee.
2. Notify Trustees and the public of Board, subcommittee, and IIC meetings.
3. Coordinate and disseminate information to the Trustees and IIC.
4. Maintain official minutes and records of all proceedings of the Board and IIC.
5. Respond to requests received by NHRS under the Right-to-Know Laws.

6. Accept service of process on behalf of the Board.
7. Prepare, prior to each meeting, an agenda for review and use by the Board Chair.
8. Coordinate presentation of agenda items to the Board.
9. Monitor and manage appointments and vacancies in the Board.
10. Notify and coordinate annual financial disclosures as required under RSA 15-A.

The duties and responsibilities of the Executive Director in other matters are enumerated in the Governance Manual.

2.0 – Board Committees and Assignment

Amended & Restated: February 10, 2026
Revised: August 4, 2026

Standing Committees

In addition to the Audit Committee, which is required under RSA 100-A:14-a, the Board may establish such other standing committees as it determines are necessary or helpful in fulfilling its responsibilities more efficiently and effectively or as required by law. The purpose, duties, and authority of the standing committees will be carefully set forth in written charters that are not to conflict with the general provisions of this Governance Manual or law. If anything in a committee charter is contrary to law, the law prevails. Once created, a standing committee shall remain in existence until the Board, or the Legislature takes the necessary action to dissolve it.

Standing committees are to focus their efforts on policy matters of material significance to the NHRS Board. Standing committees ordinarily will assist the Board by preparing policy alternatives and implications for full Board deliberation and action.

A standing committee does not speak or act for the Board, unless the Board specifically delegates such authority to it for a specific purpose.

All Trustees shall be notified of the time and place of all committee meetings. Trustees may choose to attend any committee meeting, regardless of whether they are members of the committee. All Trustees may participate in committee discussions at the discretion of the committee Chair but may only vote in committees in which they are members.

In addition to the Audit Committee, the Board has established the following standing committees: Legislative, Governance, Benefits, and Personnel Performance and Compensation Committee (PPCC).

Special Committees

The Board may establish special ad hoc committees, as needed, to carry out specified tasks. Upon completion of the task for which it was established, and presentation of its final report to the Board, a special committee shall cease to exist.

2.1 – Legislative Committee Charter

Date Adopted: March 10, 2009
Amended & Restated: February 10, 2026
Revised: August 4, 2026

Purpose

The purpose of the Legislative Committee is to:

1. Assist the Board in identifying, monitoring, and reviewing proposed pension-related legislation that could impact NHRS, its members, or retirees.

2. Develop its legislative agenda and positions on proposed pension-related legislation that could have a fiduciary or administrative impact on NHRS, its members, or retirees, consistent with the fiduciary standards set forth in RSA 100-A:15 for recommendation to the Board.

3. Provide such other legislative-related services or support as may be assigned to it by the Board.

Authority

The Legislative Committee is authorized to:

1. Draft, or cause to be drafted, proposed legislation to clarify the administration of the Plan as set forth in RSA 100-A, for Board review and approval prior to submission to the Legislature.

2. Recommend that the Board authorize additional analysis of any proposed pension-related legislation that could have a fiduciary or administrative impact on NHRS, its members or retirees.

3. Recommend that the Board take a position on any proposed pension-related legislation that could impact NHRS, its members or retirees, provided such positions are consistent with the fiduciary duties outlined in RSA 100-A:15.

Limitations

The Committee is not authorized to take positions on matters of policy that are reserved to the Legislature as plan sponsor.

The Committee is not authorized to expend funds unless such expenditure is deemed to be solely for the benefit of the members or beneficiaries and approved by the full Board.

Composition

The Legislative Committee shall consist of up to five members appointed by the Board Chair. The Chair of the Legislative Committee also shall be appointed by the Board Chair.

Meetings

1. The Committee shall meet at least twice per year, with the authority to convene additional meetings, as circumstances require. The Committee also shall meet as soon as possible after the introduction of any legislation affecting NHRS.

2. Meetings will be held in accordance with New Hampshire open meeting requirements under RSA 91-A, RSA 100-A:14-a, and the Board Meeting Protocol.

3. Members may attend meetings in person or via teleconference or videoconference. A quorum shall consist of a majority of the Committee members. Any Trustee may attend and participate in discussions; only Committee members may vote. If any Committee member is attending via teleconference or videoconference, all votes shall be by roll call.

4. Meeting agendas and briefing materials shall be distributed in advance.

5. Minutes shall be prepared by the staff and maintained in accordance with the NHRS records policies.

6. The Committee may invite members of staff or others to attend meetings and provide pertinent information as necessary.

Staffing

The Executive Director shall appoint a senior staff member to serve as staff liaison to the Committee. NHRS staff shall support the Committee in fulfilling its responsibilities, including providing regular updates on legislative developments.

Responsibilities

The Legislative Committee shall:

1. Develop positions on legislation that impacts the Board's fiduciary duty.

2. Develop with staff a legislative agenda for NHRS.

3. Regularly report to the Board of Trustees about Committee activities, issues, and related matters.

4. Obtain regular reports from staff regarding legislative matters.

5. Perform other legislative-related activities as requested by the Board of Trustees.

6. Review its Charter at least annually and recommend revisions for Board approval.

2.2 – Audit Committee Charter

Date Adopted: January 10, 2012
Amended & Restated: February 10, 2026
Revised: August 4, 2026

Purpose

The Audit Committee is a standing committee established to assist the Board of Trustees in fulfilling its fiduciary and oversight responsibilities with respect to the integrity of NHRS' financial reporting, the effectiveness of internal control systems, the performance of external and internal audit functions, and NHRS' compliance with applicable laws, regulations, and the Board's Ethics Policy.

Authority

The Audit Committee is authorized to carry out its responsibilities in accordance with RSA 100-A and is empowered to:

1. Select a qualified independent auditor to conduct audits pursuant to RSA 100-A:15, VI.

2. Resolve any disagreements between management and the internal or external auditors regarding financial reporting, internal controls, or compliance with applicable laws, regulations, and the Ethics Policy.

3. Approve all audit and non-audit services to be performed by the external auditors.

4. Recommend independent counsel, accountants, or other professionals to the full Board for final approval to advise the Committee or assist in fiduciary reviews or investigations.

5. Request and obtain any information necessary from employees (all of whom are directed to cooperate with the Committee's requests) or external parties.

6. Meet with officers, internal auditors, and external auditors as necessary to fulfill their oversight duties.

Composition

The Audit Committee shall consist of up to five members appointed by the Board Chair. The Chair of the Audit Committee shall also be appointed by the Board Chair. The State Treasurer shall serve as a permanent member of the Committee.

Meetings

1. The Audit Committee shall meet at least six times per year, with authority to convene additional meetings, as circumstances require.

2. Meetings will be held in accordance with New Hampshire open meeting requirements under RSA 91-A, RSA 100-A:14-a and the Board Meeting Protocol.

3. Members may attend meetings in person or via teleconference or videoconference. A quorum shall consist of a majority of the Committee members. Any Trustee may attend and participate in discussions; only Committee members may vote. If any Committee member is attending via teleconference or videoconference, all votes shall be by roll call.

4. Meeting agendas and briefing materials shall be distributed in advance.

5. Minutes shall be prepared by staff and maintained in accordance with NHRS records policies.

6. The Committee may invite members of staff or others to attend meetings and provide pertinent information, as necessary.

Staffing

The Executive Director shall appoint a senior staff member who shall act as staff liaison to the Committee. NHRS staff shall assist the Committee in fulfilling its responsibilities.

Responsibilities

The Audit Committee shall:

1. Financial Statements:

    - As determined by the Director of Finance and the external auditor, review significant accounting and reporting issues, including complex or unusual transactions, subjective areas, and recent professional or regulatory pronouncements, and assess their impact on the financial statements.

    - Review with management and the internal and external auditors the results of their respective audits, including any difficulties encountered.

    - Review the annual financial statements for completeness, consistency, and adherence to appropriate accounting principles.

    - Review and approve the Annual Comprehensive Financial Report prior to its release for accuracy and completeness.

    - Review with management and the external auditor all matters required to be communicated under Generally Accepted Governmental Auditing Standards.

    - Review interim financial reports with management and external auditors before filing, confirming completeness and consistency.

2. Internal Control:

   - Evaluate the effectiveness of internal control systems, including information technology security and controls.

   - Understand the scope of internal and external auditors' review of internal control over financial reporting and review significant findings and management's responses.

3. Internal Audit:

   - Review the internal audit function's activities, staffing, and annual work plan with the Executive Director and the Internal Auditor provider.

   - Assess the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' Global Internal Audit Standards and the American Institute of Certified Public Accountants.

   - Meet regularly with the Executive Director and Internal Auditor provider to discuss any matters that should be brought before the Committee.

4. External Audit:

   - Review the external auditors' proposed audit scope, contract terms, and approach, including coordination with internal audit.

   - Evaluate the performance of the external auditors and approve their appointment or termination.

   - Confirm the independence of the external auditors by reviewing statements regarding relationships with NHRS, including non-audit services.

5. Compliance:

   - Review NHRS' effectiveness in monitoring compliance with laws, regulations, and the Ethics Policy, including management's investigations and follow-up actions.

   - Review findings from regulatory examinations and external audits.

   - Review the process for communicating and monitoring compliance with the Ethics Policy across personnel, the Board, and the Independent Investment Committee.

6. Reporting Responsibilities:

- Regularly report to the Board of Trustees on Committee activities, issues, and recommendations.
- Maintain open communication between the Internal Auditor provider, external auditors, and the Board of Trustees.
- Review any NHRS reports relevant to the Committee’s responsibilities.

7. Other Responsibilities:

- Institute and oversee special investigations, as needed.
- Oversee periodic actuarial peer audits as recommended by the GFOA and approved by the Board, unless there has been a change in actuarial firms since the last actuarial audit.
- Perform other audit-related activities as requested by the Board of Trustees.
- Review this Charter at least annually and recommend revisions for Board approval.

2.3 – Governance Committee Charter

Date Adopted: June 8, 2010
Amended & Restated: February 10, 2026
Revised: August 4, 2026

Purpose

The Governance Committee is a standing committee established to support the NHRS Board of Trustees to promote the best interests of NHRS, its members, retirees, and beneficiaries. The Committee advances sound Board governance policies and practices that foster ethical, fair, and transparent decision-making, consistent with fiduciary standards and applicable law.

Authority

The Committee is authorized to:

1. Review data, historical information, consultants' reports, and any other documents it deems reasonably necessary to form opinions on governance matters.

2. Carry out any responsibilities delegated to it by the Board of Trustees.

3. Request assistance from the Executive Director or designee, NHRS staff, and service providers.

4. Recommend the hiring of outside service providers (e.g., auditors, legal counsel, consultants, etc.) pursuant to the NHRS Procurement Policy.

5. Approve Emergency Contracts for up to $200,000 as provided in the NHRS procurement policy.

Composition

The Governance Committee shall consist of up to five members appointed by the Board Chair. The Chair of the Governance Committee also shall be appointed by the Board Chair.

Meetings

1. The Committee shall meet at least twice per year, with the authority to convene additional meetings, as circumstances require.

2. Meetings shall be held in accordance with New Hampshire open meeting requirements under RSA 91-A, RSA 100-A:14-a, and the Board Meeting Protocol.

3. Members may attend meetings in person or via teleconference or videoconference. A quorum shall consist of a majority of the Committee members. Any Trustee may attend and participate in discussions; only Committee members may vote. If any

Committee member is attending via teleconference or videoconference, all votes shall be by roll call.

4. Meeting agendas and briefing materials shall be distributed in advance.

5. Minutes shall be prepared by staff and maintained in accordance with NHRS records retention policy.

6. The Committee may invite members of staff or others to attend meetings and provide pertinent information, as necessary.

Staffing

The Executive Director shall appoint a senior staff member to serve as staff liaison to the Committee. NHRS staff shall support the Committee in fulfilling its responsibilities.

Responsibilities

The Governance Committee shall:

1. Governance Oversight

    a. Monitor and evaluate best practices in public retirement system governance.

    b. Recommend to the Board any changes to NHRS governance policies and procedures.

    c. Evaluate legislative proposals relating to Board governance and recommend positions to the Board.

    d. Review and recommend annual updates to the NHRS Governance Manual.

2. Board Structure and Function

    a. Recommend to the Board which duties should be retained by the Board, and which duties should be delegated to committees or staff.

    b. Recommend improvements to the timing, format, and content of the Board materials.

    c. Recommend changes to enhance Board meeting effectiveness and efficiency.

    d. Encourage regular Board self-assessment.

3. Committee and Policy Review

    a. Recommend roles and responsibilities for NHRS committees.

    b. Ensure annual review and Board approval of committee charters.

   c. Oversee the annual review and update of Board policies for accuracy and relevance.

4. Stakeholder Engagement

   a. Receive and evaluate input from members, employers, business partners, and other stakeholders.

   b. Recommend mechanisms for structured stakeholder feedback.

5. Legal and Fiduciary Oversight

   a. Review and recommend the selection of outside legal counsel.

   b. Review and recommend the selection of the NHRS Actuary.

   c. Review and approve the annual renewal of fiduciary and cyber insurance policies.

6. Strategic and Risk Oversight

   a. Contribute to the NHRS strategic planning and risk management efforts.

   b. Monitor governance-related risks, including reputational and operational risks.

   c. Recommend succession planning for Board leadership and membership.

7. Other

   a. Perform other governance-related activities as requested by the Board of Trustees.

   b. Review this Charter at least annually and recommend revisions for Board approval.

2.4 – Benefits Committee Charter

Date Adopted: January 12, 2010
Amended & Restated: February 10, 2026
Revised: August 4, 2026

Purpose

The Benefits Committee is a standing committee established to support the Board of Trustees in overseeing the administration of member benefits. The Committee shall assist the Board in enhancing operational efficiencies and improving services to members and beneficiaries. The Committee also shall make recommendations to the Board regarding findings, procedures, statutory interpretations, and policy decisions related to benefits and service levels.

Authority

The Committee is authorized to carry out all responsibilities delegated to it by the Board of Trustees concerning the administration of benefits and delivery of services. The Committee may direct NHRS staff to conduct research and analysis, and obtain relevant information from service providers (e.g., actuarial, legal, technology, public pension plan consultant, etc.) to assist the Committee in carrying out its responsibilities.

The Committee may request the engagement of external service providers (e.g., auditors, legal counsel, consultants, etc.) to assist in fulfilling its responsibilities, pursuant to the NHRS Procurement Policy.

Composition

The Benefits Committee shall consist of up to five members appointed by the Board Chair. The Chair of the Benefits Committee shall also be appointed by the Board Chair.

Meetings

- The Committee shall meet monthly, with the authority to convene additional meetings, as circumstances require.

- Meetings shall be held in accordance with New Hampshire open meeting requirements under RSA 91-A, RSA 100-A:14-a, and the Board Meeting Protocol.

- Members may attend meetings in person or via teleconference or videoconference. A quorum shall consist of a majority of the Committee members. Any Trustee may attend and participate in discussions; only Committee members may vote. If any Committee member is attending via teleconference or videoconference, all votes shall be by roll call.

- Meeting agendas and briefing materials shall be distributed in advance.

- Minutes shall be prepared by staff and maintained in accordance with NHRS records policy.
- The Committee may invite members of staff or others to attend meetings and provide pertinent information, as necessary.

Staffing

The Executive Director shall appoint one or more senior staff members to serve as staff liaison(s) to the Committee. NHRS staff shall support the Committee in fulfilling its responsibilities.

Responsibilities

The Benefits Committee shall:

- Provide clarification on statutory and administrative requirements related to benefits and services with recommendations to the Board when necessary.
- Develop and recommend policies to the Board that promote efficient and compliant benefits administration to reflect best fiduciary practices.
- Recommend to the Board legislative, administrative rule, or policy changes related to benefits and service levels.
- Act as the Board's delegee in making determinations on disability retirement applications or refer such matters to the full Board when appropriate. Benefit denials require Board approval.
- Review and make recommendations on applications and appeals for benefits under RSA 100-A.
- Review and make determinations on recoupment matters in accordance with the IRS' Employee Plans Compliance Resolution System (EPCRS), its related guidance, and the Pension Recoupment and Hardship Policies.
- Review and advise the Board on litigation involving benefits.
- Perform other benefit-related duties as requested by the Board of Trustees.
- Review this Charter at least annually and recommend revisions for Board approval.

2.5 – Personnel Performance and Compensation Committee Charter

Date Adopted: August 14, 2012
Amended & Restated: February 10, 2026
Revised: August 4, 2026

Purpose

The Personnel Performance and Compensation Committee (PPCC) is a standing committee established to support the Board of Trustees in its oversight of executive and staff performance, compensation and benefits at NHRS. The Committee is responsible for reviewing and advising on matters related to the performance and employment terms of the Executive Director, as well as broader organizational policies affecting NHRS staff.

The PPCC provides strategic guidance and counsel to the Executive Director on:

1. Organizational structure and staffing;
2. Management performance and development;
3. Employee compensation;
4. Human resources policies and procedures;
5. Collective bargaining matters; and
6. Succession and continuity planning.

Authority

The PPCC is authorized to:

1. Oversee and manage the process of hiring the Executive Director, including search, selection, and onboarding.
2. Develop and implement a methodology for evaluating the Executive Director's performance on an annual basis.
3. Make recommendations to the Board regarding the Executive Director's compensation and/or other employment terms and conditions.
4. Review proposed actions by the Executive Director related to human resources policies, organizational structure, staffing, employee compensation, development and training programs, and collective bargaining matters.

Composition

The PPCC shall consist of up to five members appointed by the Board Chair. The Chair of the PPCC also shall be appointed by the Board Chair.

Meetings

1. The Committee shall meet at least twice annually and shall convene approximately three months prior to the Executive Director's anniversary date to initiate the annual performance review process. Additional meetings may be scheduled as needed.

2. Meetings shall be held in accordance with New Hampshire open meeting requirements under RSA 91-A, RSA 100-A:14-a, and the Board Meeting Protocol.

3. Members may attend meetings in person or via teleconference or videoconference. A quorum shall consist of a majority of the Committee members. Any Trustee may attend and participate in discussions; only Committee members may vote. If any Committee member is attending via teleconference or videoconference, all votes shall be by roll call.

4. Meeting agendas and briefing materials shall be distributed in advance.

5. Minutes shall be prepared by the staff and maintained in accordance with NHRS records policies.

6. The Committee may invite members of staff or others to attend meetings and provide pertinent information, as necessary.

Staffing

The Executive Director shall appoint a senior staff member to serve as staff liaison to the Committee. NHRS staff shall support the Committee in fulfilling its responsibilities.

Responsibilities

The PPCC shall:

1. Executive Director Oversight

    a. Review and make recommendations to the Board regarding the Executive Director's performance and compensation.

    b. Oversee the process for evaluating the Executive Director's annual performance.

2. Organizational Guidance

a. Provide advice and counsel to the Executive Director on matters related to organizational structure, management performance and staff compensation.

b. Review and advise on employee benefit programs, human resources policies, and procedures.

3. Employee Benefits and Agreements

a. Oversee the establishment and implementation of NHRS' employee benefit programs and severance policies.

b. Review and approve employment agreements for executive-level positions, if utilized.

4. Collective Bargaining

a. Assist in the management and negotiation of the Collective Bargaining Agreement ("CBA") between NHRS and bargaining unit(s).

b. Identify issues, evaluate proposals, and make recommendations to the Board regarding negotiation positions and the finalization of the CBA.

5. Independent Advisors

a. Subject to Board approval, select and retain independent compensation and benefits consultants or other external advisors in accordance with the Procurement Policy.

b. Determine the terms of engagement for such advisors to support the Committee and/or Executive Director.

6. Governance and Reporting

a. Perform other PPCC-related activities as requested by the Board of Trustees.

b. Review this Charter at least annually and recommend revisions for Board approval.

2.6 – Delegation by the Board to The Executive Director

Date Adopted: September 11, 2012
Amended & Restated: February 10, 2026
Revised: August 4, 2026

The Board has statutory authority to delegate duties to others. The most important delegation the Board makes is to the Executive Director. The Executive Director is responsible for operational decision-making and implementation of applicable laws, policies, and Board directives.

Executive Director Position Description

In accordance with State law and the Board's direction, the Executive Director performs a variety of professional, executive, and managerial duties including planning, organizing, directing, and overseeing the daily activities of NHRS.

These responsibilities include the following:

1. Assures compliance with State and federal statutes and Board rules, regulations, and policies. Interprets and administers the provisions of RSA 100-A.

2. Acts as the Board's primary advisor and assists the Trustees in meeting their fiduciary duties.

3. Identifies strategic responses to issues facing NHRS and its membership.

4. Manages the planning, preparation, and administration of the Trust Fund operating budget, and analyzes the administrative revenue stream necessary to support operational expenses.

5. Prepares and presents the biennial (statutory) operating budget to the Board and the Executive and Legislative branches of State government.

6. Safeguards the assets of NHRS by maintaining strong internal controls throughout the organization.

7. Determines and recommends to the Board the appropriate organizational structure, staffing, and compensation plan for all functions of NHRS.

8. Subdelegates requisite authority to senior management and manages and directs senior management responsible for all NHRS operational functions.

9. Represents NHRS to various public and private entities directly or through staff professionals.

10. Serves as media liaison and spokesperson on NHRS matters along with the Public Information Office (PIO), communicating with the membership and news media on policy matters.

11. Coordinates NHRS representation on legislative measures before legislative committees and provides technical advice to the Legislature on pension-related issues, including provisions of RSA 100-A.

12. Coordinates and consults with the Director of Investments, the IIC and the investment consultant on investments and other applicable issues.

13. Coordinates and consults with legal counsel on contracts, tax issues, and other matters.

14. Coordinates and consults with the actuary in preparation of biennial actuarial valuations, benefit costs, and periodic asset allocation studies required by the Board.

15. Oversees the preparation and issuance of RFPs and vendor bid specifications, bidder evaluation criteria, and selection recommendations.

16. Oversees negotiations, executes, and manages contracts on behalf of NHRS.

17. Monitors the activities and performance of consultants and outside service providers hired by NHRS.

18. Performs such additional executive duties as necessary.

Executive Director Evaluation Criteria and Process

An important part of prudent delegation to the Executive Director is ongoing monitoring and thoughtful evaluation of performance against agreed upon criteria. The primary responsibility of the Executive Director is the effective management of the operations of NHRS. Accordingly, the performance of the operations constitutes the most relevant measure of his or her performance, and should weigh heavily in his or her overall performance evaluation.

The Board is responsible for annually evaluating and setting compensation for the Executive Director. The Board may delegate this responsibility to the PPCC. If the evaluation is delegated to the PPCC, the Committee's recommendations shall be presented to the Board for approval.

The Executive Director shall be evaluated in accordance with an Individual Strategic Plan (ISP) that shall be directly linked to the NHRS strategic plan. The Executive Director will submit an ISP form noting progress on the goals achieved over the review period as well as establishing goals for the upcoming review period. The Board or the PPCC will then complete the performance ratings portion of the ISP, finalize the proposed goals, and recommend any compensation adjustments.

The performance evaluation competencies include:

1. Leadership;
2. Communication;
3. Strategic Focus/Change Management;
4. Team Collaboration;
5. Resolution Focused; and
6. Professional Behavior.

The evaluation shall also take into account individual goals and measures agreed upon by the Executive Director and the Board Chair prior to the evaluation period.

3.0 – Board Meeting Protocol

Date Adopted: June 12, 2012
Amended & Restated: February 10, 2026
Revised: August 4, 2026

The Board determines and approves a regular meeting schedule on an annual basis in advance for each Board year at its first regular meeting in October, which shall be the annual meeting of the Board. The meetings are usually scheduled for the second Tuesday in February, April, June, August, October, and December. The location of the meetings will be noted in advance. Changes in the approved meeting schedule described herein require a vote of the majority of the quorum present at a Board meeting held prior to the desired change of schedule. The Board is authorized to schedule additional meetings, if deemed necessary, upon the call of the Chair or a majority of the Board, after giving appropriate notice to all members of the Board and to the public as required under the New Hampshire Right-To-Know Law, RSA 91-A.

Attendance at Board meetings is an essential element of a Trustee's fiduciary responsibility. Therefore, Trustees are expected to attend meetings in person but may attend and participate via telephone or videoconference, if necessary, pursuant to RSA 91-A and RSA 100-A:14a.

Open Meetings Laws

NHRS Board meetings are public meetings under RSA 91-A, as amended from time to time. RSA 91-A defines a meeting as "the convening of a quorum of the membership of a public body, . . . for the purpose of discussing or acting upon a matter or matters over which the public body has supervision, control, jurisdiction, or advisory power." As such, any such meeting of Board members must be open to the public.

The following regulations apply:

1. Public notice of the meeting must be made at least 24 hours prior to the meeting and posted in two appropriate places, one of which may be the NHRS website or a newspaper of general circulation.

2. In certain limited circumstances, "emergency" meetings are allowed where the 24-hour notification is not required but notice must be posted as soon as practicable.

3. Meeting minutes must be available for public inspection not more than five business days after the meeting.

4. Minutes approved by the Board shall be treated as a permanent record.

5. Secret ballot voting is not allowed in an NHRS Board meeting.

6. Any person is allowed to use a recording device.

7. The Board may enter nonpublic sessions for consideration or action as permitted under RSA 91-A:3. Nonpublic sessions typically involve disability applications, personnel issues, acquisition of real or personal property, and claims or litigation.

8. A roll call vote is required to enter nonpublic session and for all votes if any Trustees are participating telephonically.

9. Meeting minutes of nonpublic sessions must be kept and available within 72 hours of the meeting unless a two-thirds vote of present Board members moves to keep the minutes confidential while citing a specific exemption.

Agenda Setting

Board meeting agendas are prepared by the Executive Director and reviewed and approved by the Board Chair. Any Trustee may request that an item be placed on the agenda through the Board Chair or the Executive Director.

Agenda Items

Staff will strive to post agendas prior to Board meetings for public viewing. The agendas will contain enough detail so that the membership, interested parties, and the public can understand the nature of each agenda item.

Consent Agenda

Consent agenda items will primarily consist of benefit matters governed by State law and routine administrative or ministerial matters that require Board action as recommended by staff, but which typically do not require Board discussion.

Action Items

Action items on the regular agenda typically require Board discussion and a vote on a motion.

Information Only Items

The agendas may also contain "information only" items that do not require a Board vote. These items contain information that the Executive Director and Board Chair believe are important for the Board to know but do not require Board action.

Rules of Order

Robert's Rules of Order shall govern all proceedings of the Board and NHRS committee meetings insofar as they are applicable and not inconsistent with any of the policies adopted by the Board. Except as otherwise specified herein, approval of an action or decision shall be by a simple majority of those Trustees present and voting at a Board meeting. Unless otherwise specified in Board or committee documents, voting by proxy is not allowed. Seven Trustees of the Board present and voting shall constitute a quorum at Board meetings pursuant to State law. For the purpose of determining the presence of a quorum, a disqualification shall be considered an absence.

4.1 – Ethics Policy

Date Adopted: November 10, 2009
Amended & Restated: February 10, 2026
Revised: August 4, 2026

Ret 401.01 Purpose of the Code of Ethics.

a. The purpose of these rules is to ensure the proper administration, effective operation, and fiduciarily prudent investment of assets of the New Hampshire Retirement System and to promote public confidence in the retirement system's institutional integrity as a prudently managed and fiduciarily governed trust, operated for the sole and exclusive purpose of providing benefits to the retirement system's members and beneficiaries.

b. The purpose of these rules is also to recognize that every Trustee, member of the Investment Committee, staff employee, and outside service provider of the retirement system occupies a special position of trust and confidence, so as to avoid at all times any conflict of interest or fiduciary breach of trust against the retirement system, its members, and beneficiaries.

Ret 401.02 <u>Definitions</u>. The following words and phrases as used in this rule shall have the following meanings:

a. "Affiliate" means:

   1. any person directly or indirectly controlling, controlled by, or under common control with such person;
   2. any officer, director, partner, employee, or relative of a person; or
   3. any corporation or partnership of which such other person is an officer, director, partner, or employee.

b. "Beneficiary" means any person receiving or entitled to benefits provided by the retirement system;

c. "Board of Trustees" means that board which administers the retirement system and manages its investments in trust pursuant to RSA 100-A:14;

d. "Code" means the Code of Ethics in Ret 401;

e. "Confidential Information" means all information concerning the affairs of the retirement system not made public by the retirement system;

f. "Conflict of Interest" means an interest that could influence a person to decide a matter, or provide a recommendation, for any reason other than the best interest of the retirement system, its members, and beneficiaries, including conferring a private benefit to any party or entity other than the members and beneficiaries of the retirement system;

g. “Control” means the power to exercise a controlling influence over management or policies;

h. "Investment Committee" means the independent investment committee established by RSA 100-A:14-b;

i. "Members" means any person included in the membership of the retirement system pursuant to RSA 100-A:3;

j. "Outside Service Provider" means a person, not an employee or Trustee of the retirement system or member of the Investment Committee, who provides discretionary investment services, investment consulting, custodial, financial, actuarial, legal, or other professional services to the Board of Trustees, the investment committee, or the retirement system pursuant to RSA 100-A:14, V and 100-A:15, IV;

k. “Relative” means a person's spouse, domestic or civil union partner, parent, grandparent, or sibling, as well as the respective spouses, domestic or civil union partners, or children of any of the foregoing;

l. "Staff employee" means any person employed by the retirement system;

m. "Retirement system" means the New Hampshire Retirement System established pursuant to RSA 100-A; and

n. "Trustee" means a member of the Board of Trustees.

Ret 401.03 Conflict of Interest.

a. Each Trustee, Investment Committee member, Staff employee, and Outside Service Provider shall be provided a copy of this Code of Ethics within 30 days of:

   1. Final adoption of Ret 401; or
   2. Being appointed, hired, or retained to their position.

b. Trustees, members of the Investment Committee, and staff employees shall disclose all conflicts of interest, potential conflicts of interest, and situations that could reasonably be perceived as creating conflicts of interest in the manner described in Ret 401.07, and such disclosure shall be made prospectively, or as soon as reasonably practicable.

c. Any trustee, member of the Investment Committee, or staff employee required to file a statement of financial interests pursuant to RSA 15-A shall, within 30 days of such filing with the Secretary of State, provide a true copy of such statement in the manner described in Ret 401.07.

d. No trustee, member of the investment committee, or staff employee shall make any personal investment, engage in any transaction or professional activity, or incur any obligation of any nature that would create, or reasonably has the potential of creating, a conflict of interest, unless disclosed to the Board of Trustees and determined not to violate another provision of this Code.

e. No trustee, member of the investment committee, or staff employee shall vote on, deliberate on, or attempt to influence any issue before the Board of Trustees or the investment committee with respect to which he or she has a conflict of interest. If compliance with the foregoing necessitates recusal, the recusing party shall disclose fully to the Board of Trustees or the investment committee the reasons for such recusal.

f. No trustee, member of the investment committee, or staff employee shall violate a provision of Ret 401.04.

Ret 401.04 <u>Standards of Conduct</u>.

a. No Trustee, member of the Investment Committee, or staff employee shall:

   1. Use confidential information regarding the investments of the retirement system in a manner not exclusively in the interest of the System and its members and beneficiaries;
   2. Buy or sell a security or other investment if the trustee, member of the Investment Committee, or staff employee knows that the System is, or anticipates, buying, selling, or trading such security or other investment; or
   3. Accept offers to buy, sell, or trade in any security or other investment that the System holds or intends to purchase on terms more favorable than those offered to similarly situated investors unrelated to the System.

b. No Trustee, member of the Investment Committee, or staff employee shall:

   1. Represent any individual or Outside Service Provider in any action or proceeding before the retirement system or any individual or outside service provider in any action or proceeding involving an interest of the retirement system, except as a duly authorized representative or agent of the retirement system; or

   2. For 12 months after such Trustee, member of the Investment Committee, or staff employee has completed his or her service with the System, represent any individual or Outside Service Provider, in any fashion, before any public

agency, with respect to a matter in which the trustee, member of the Investment Committee, or staff employee personally participated while serving with the System.

c. No Trustee, member of the Investment Committee, or staff employee shall:

1. Use his or her position or employment with the retirement system, or use system facilities, equipment or supplies, for any reason other than to advance the interests of the System, its members and beneficiaries;

2. Solicit, accept, or agree to accept for themselves or for conferment to others any direct or indirect benefit, gratuity, or emolument in connection with a decision, opinion, recommendation, transaction, vote, or other action by a Trustee, member of the Investment Committee, staff employee, or other agent or representative of the System;

3. Accept an extension of credit from an Outside Service provider, except and unless:
    a. Such Outside Service provider extends credit to the general public in the ordinary course of its business; and

    b. The terms of the extension of credit are no better than the terms normally offered to similarly situated borrowers unrelated to the retirement system;

4. Solicit or accept honoraria unless the honorarium is paid in recognition of a demonstrable business, professional, or aesthetic interest of the Trustee, member of the Independent Investment Committee, or staff employee that exists apart from his or her role with respect to the retirement system and the honorarium is not paid by an Outside Service provider or affiliate thereof;

5. Use the name of the retirement system or the retirement system's logo in a manner that suggests impropriety, favoritism, or bias by the Board of Trustees, the investment committee, or the retirement system;

6. Exercise his or her discretionary authority to appoint, hire, or advance system employees or Outside Service providers, whether such authority is granted by statute or delegated by the Board of Trustees, the investment committee, or by the executive director of the retirement system, in favor of an affiliate, unless fully disclosed to and approved by the Board of Trustees or the Investment Committee; or

7. In his or her personal capacity, enter into employment with, representation of, or an agreement with any person who is, or has been within the preceding 12-month period, an Outside Service provider, staff employee, member of the

Investment Committee, or Trustee of the retirement system, unless fully disclosed to the Board of Trustees or the Investment Committee.

d. No Trustee, member of the Investment Committee, or staff employee shall accept gifts, entertainment, or other gratuities from current or potential Outside Service providers, or their agents, representatives, or solicitors that, when aggregating all gifts, entertainment, or other gratuities from all current or potential Outside Service providers, have a value of more than $250 per calendar year. Gifts, entertainment, and gratuities received by affiliates of a Trustee, member of the Investment Committee, or staff employee shall be deemed as being received by the trustee, member of the Investment Committee, or staff employee himself or herself. Meals or entertainment provided to a trustee, member of the Investment Committee, or staff employee at a group activity open to all attendees of a conference, seminar, or training shall not count toward the aggregate $250 limit, provided such meals or entertainment were provided to all, or substantially all, of the attendees.

e. The foregoing prohibition in this section 401.04(d) shall not apply to any gifts or entertainment received by a trustee, member of the Investment Committee, or staff employee from a relative of that Trustee, member of the Investment Committee, or staff employee if:

    1. Such gifts and entertainment did not arise from or in connection with the trustee's, member of the Investment Committee's, or staff employee's position with the retirement system; and

    2. The nature and extent of the gifts and entertainment are disclosed to the Board of Trustees.

f. No trustee, member of the investment committee, or staff employee shall accept the benefit of third-party payments for travel or lodging by current or potential Outside Service Providers.

g. No Trustee, member of the Investment Committee, or staff employee shall disclose confidential information except to the extent:

    1. Required by law, including disclosures made as a public record pursuant to the requirements of RSA 91-A;
    2. Necessary or advisable for the provision of services to the retirement system; or
    3. Permitted by the Trustees or the Investment Committee.

Ret 401.05 <u>Standards Applicable to Providers</u>.

a. Outside Service Providers shall be subject to the disclosure provisions of Ret 401.03(b).

b. No Outside Service Providers shall accept gifts, entertainment or other gratuities in connection with services provided to the retirement system from any current or potential outside service provider unless fully disclosed to the Board of Trustees or the Investment Committee.

c. No outside service provider shall use the name of the retirement system or the retirement system's logo in a manner that suggests impropriety, favoritism, or bias by the Board of Trustees, the Investment Committee, or the System.

d. No Outside Service Providers shall disclose confidential information except to the extent:

   1. Required by law, including disclosures made as a public record pursuant to the requirements of RSA 91-A

   2. Necessary or advisable for the provision of services to the retirement system; or

   3. Permitted by the Board of Trustees or the Investment Committee.

Ret 401.06 Application of the Code

a. The intentions and motives as well as the extrinsic acts of those persons covered by the Code shall be considered when applying the code.

b. The principal responsibility for adherence to the provisions of the code shall rest with those persons covered by the Code. Ignorance or lack of knowledge of the provisions of the Code shall not be a defense to a violation of the Code.

c. The Board of Trustees shall have discretion to seek opinions from independent legal counsel with respect to the application of the code pursuant to RSA 100-A:15, IV, if it deems such opinions necessary or advisable. In no event shall an opinion of independent legal counsel be binding on the Board of Trustees, the Investment Committee, or any staff employee. However, in determining whether a violation of the Code has occurred, there shall be a rebuttable presumption that any Trustee, member of the Investment Committee, or staff employee acting in good faith reliance on an opinion of independent legal counsel procured under this section of the code has not violated the Code with respect to the ethical issue that is the subject of such opinion.

d. The request for an opinion by independent legal counsel under Ret 401.06(c) shall establish an attorney-client relationship between such counsel and the Board of Trustees with regard to the subject matter of the Board of Trustees' request for the opinion. The initial request for an opinion, the documentation setting forth the factual circumstances of the situation giving rise to the request for the opinion, and any resulting opinion shall not be public information unless such confidentiality is waived by vote of the Trustees or is determined to be public information by a court of competent jurisdiction.

e. Each Trustee and member of the Investment Committee shall have an affirmative duty to remedy violations of the about which he or she has knowledge.

f. Violations of the Code by Trustees, members of the Investment Committee, staff employees, and outside service providers shall be determined by:

   1. An administrative hearing held in accordance with Ret 200; or

   2. A court of competent jurisdiction in the State of New Hampshire.

g. Upon a final determination under Ret 401.06(f) that a violation of the Code has occurred, the Board of Trustees shall impose one or more of the following sanctions as the Board determines appropriate:

   1. Reprimand;
   2. Censure;
   3. Termination of a staff employee or outside service provider;
   4. Request for resignation;
   5. Request for removal; or
   6. Any other relief or remedy, whether at law or in equity, that may exist to protect the interests of, or provide restitution to, the System, its members, and beneficiaries.

h. In determining the severity of the sanction, the Board of Trustees shall consider the following factors:

   1. The nature of the violation;
   2. The intent of the violator;
   3. The potential for harm to the retirement system from the violation;
   4. Any recidivism of the violator;
   5. Any mitigating actions taken by the violator; and
   6. Any other material facts and circumstances.

i. The Board shall select appropriate sanction(s):

   1. From the list in Ret 401.06(g); and

2. By choosing, based on the factors set forth in Ret 401.06(h), the sanctions most likely to further the purpose or purposes stated in Ret 401.01(a) and Ret 401.01(b).

j. The Board of Trustees, members of the Investment Committee, and its staff employees shall be defended and indemnified for alleged violations of this code to the extent permitted by law.

Ret 401.07 <u>Procedures for Disclosure</u>.

a. Any disclosure to the Board of Trustees required under this Code shall be made in writing to the chair or vice chair of the Board of Trustees, who shall be required to present to the Board of Trustees a list of such disclosures at the next official meeting of the board of trustees. Notwithstanding the foregoing, the chair or vice chair of the Board of Trustees shall, as soon as is reasonably practicable, inform each of the Trustees of any disclosure that is made to him or her under this section of this Code that could materially affect the operation of the System if not immediately disclosed to the Board of Trustees.

b. Any disclosure to the Investment Committee required under this Code shall be made in writing to the committee chair, who shall be required to present to the Investment Committee a list of such disclosures at the next official meeting of the Board of Trustees. Notwithstanding the foregoing, the committee chair shall, as soon as is reasonably practicable, inform each of the members of the Investment Committee of any disclosure that is made to him or her under this section of the Code that could materially affect the operation of the retirement system if not immediately disclosed to the Investment Committee.

c. In addition to the methods of disclosure detailed in Ret 401.07(a) and (b), disclosures of RSA 15-A forms made under Ret 401.03(c) may be made to the Executive Director of the System or his or her designee.

4.2 – Indemnification Policy

Date Adopted: February 8, 2011
Amended & Restated: February 10, 2026
Revised: August 4, 2026

I. Purpose

The purpose of this Indemnification Policy of the New Hampshire Retirement System ("NHRS") is to establish guidelines for the indemnification of those Individuals who have a Proceeding brought against them arising out of their performance of duties as a Trustee, member of the Independent Investment Committee, or as an Employee of NHRS on behalf of the members and beneficiaries of NHRS. To qualify for indemnification under this Policy, the Individual must have acted in good faith, in his capacity as a member of the Board of Trustees, the Independent Investment Committee, or as an Employee and in a manner that he believed to be in the best interests of the members and beneficiaries of NHRS.

II. Definitions

As used in this Policy:

1. "Board of Trustees", "Trustees", "Trustee" or "member of the Independent Investment Committee" refers to NHRS Board of Trustees, or a duly appointed member of the Board, or a duly appointed member of NHRS Independent Investment Committee, charged with the administration of NHRS pursuant to Sections 14, 14-b, and 15 of New Hampshire RSA 100-A, and having the powers, privileges and immunities of a corporation in the management of NHRS.

2. An "Employee" is a person in the employment of NHRS, including but not limited to the Executive Director, a member of the Executive Team or any other employee charged with administration of NHRS either directly by the Board of Trustees or the Executive Director by delegation of authority, pursuant to Sections 14, 14-b and 15 of NH RSA 100-A, and having the powers, privileges and immunities of a corporation in the management of NHRS.

3. The term "Corporate Status" shall mean the status of an Individual who is or was a member of the Board of Trustees or the Independent Investment Committee, or is or was an Employee.

4. The term "Expenses" shall include, without limitation, those reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and other disbursements or expenses of the types customarily incurred in connection with a Proceeding.

5. The term "Individual" shall mean any person who is or was a Trustee, a member of the Independent Investment Committee, or an Employee as of the Effective Date of this Policy and thereafter.

6. The term "Liability" shall mean the obligation to pay a judgment, settlement, penalty, or fine, and including any excise tax assessed with respect to an employee benefit plan.

7. The term "Proceeding" shall mean any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative or investigative, and whether formal or informal.

III. Policy

A. Indemnification of Liability.

1. NHRS shall indemnify an Individual, if he was, is or is threatened to be made a party, subject, defendant or respondent in a Proceeding because of his Corporate Status, against that Liability incurred in the Proceeding if: (i) he conducted himself in good faith; (ii) he reasonably believed that his conduct was in the best interests of the members and beneficiaries of NHRS; and (iii) in the case of any criminal Proceeding, he is not found to be guilty of a criminal violation, did not enter a plea of guilty or nolo contendere, and a majority of the Board of Trustees vote in favor of such indemnification.

2. The termination of a Proceeding by judgment, order, or settlement, is not, of itself, determinative that the indemnitee did not meet the relevant standard of conduct described in this Section 3.

B. Exceptions to Right of Indemnification. Notwithstanding anything to the contrary in this Policy, no indemnification shall be paid to an Individual:

1. to the extent expressly prohibited by New Hampshire law, or NHRS Code of Ethics;

2. for the amount of Liability and Expenses paid to or on behalf of an Individual under a valid and collectible insurance policy maintained by NHRS;

3. based upon or attributable to an Individual gaining any benefit, advantage, or thing of value to which he was not entitled under law or permitted under the Code of Ethics of NHRS; or

4. to the extent that an Individual has been adjudicated not to have acted in good faith with a reasonable belief that his actions were in the best interests of the members and beneficiaries of NHRS.

C. Partial Indemnification. If an Individual is entitled under any provision of this Policy to indemnification by NHRS for some portion of any Liability or Expenses, but not, however, for the total amount thereof, NHRS shall nevertheless indemnify Individual for that portion thereof as may be determined and authorized by a majority vote of the Board of Trustees.

D. Notification and Defense of Proceeding:

1. <u>Notice</u>. Promptly upon receipt by an Individual of notice of the commencement of any Proceeding, an Individual shall notify NHRS of the commencement of the Proceeding and of any claim for indemnification under this policy. Such notice to NHRS shall be made as soon as practicable, but in no event later than twenty (20) business days from the Individual's receipt of notice of the commencement of the Proceeding.

2. <u>Defense</u>. With respect to any Proceeding against an Individual, NHRS will be entitled to participate in the Proceeding at its own expense. To the extent NHRS so wishes, it may assume the defense thereof with counsel reasonably satisfactory to the Individual. After notice from NHRS to an Individual of its election to assume the defense of any Proceeding, NHRS shall not be liable to the Individual under this Policy, or otherwise for any Expenses subsequently incurred by an Individual in connection with the defense of such Proceeding other than reasonable costs of investigation or as otherwise provided below. An Individual shall have the right to employ legal counsel in such Proceeding, but all Expenses related thereto incurred after notice from NHRS of its assumption of the defense shall be at Individual's expense unless: (i) the employment of legal counsel by the Individual has been authorized by NHRS; or (ii) the Individual has reasonably determined that there may be a conflict of interest between the Individual and NHRS in its defense of the Proceeding; or (iii) NHRS shall not in fact have employed counsel to assume the defense of such Proceeding.

3. <u>Settlement of Claims</u>. NHRS shall not be liable to indemnify an Individual under this Policy or otherwise for any amounts paid in settlement of any Proceeding effected without NHRS's written consent as authorized by the Board of Trustees, such consent not to be unreasonably withheld. NHRS shall not settle any Proceeding in any manner that would impose any Liability or limitation on an Individual without the Individual's written consent. NHRS shall not be liable

to indemnify an Individual under this Policy with regard to proceeding if NHRS was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action.

4. Non-Exclusivity. The rights of an Individual hereunder shall be in addition to any other rights an Individual may have under applicable law, including without limitation, New Hampshire RSA 99-D:2. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification than would be afforded currently under applicable law, including without limitation, New Hampshire RSA 99-D:2, or this Policy, it is the intent that an Individual receive the greater benefit so afforded by such change.

5. Subrogation. In the event of indemnification to an Individual under this Policy, NHRS shall be subrogated to the extent of such payment to all of the rights of recovery of an Individual, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable NHRS effectively to enforce such rights.

6. No Duplication of Payments. NHRS will not be liable under this Policy to make any payment in connection with any claim made against an Individual to the extent the Individual has otherwise received payment (under any insurance policy, statutory indemnification, or otherwise) of the amounts otherwise indemnifiable hereunder.

7. Severability. If any provision (or portion thereof) of this Policy shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. To the fullest extent possible, the provisions of this Policy (including, without limitation, each portion of this Policy containing any provision held to be invalid, void, or otherwise unenforceable that is not itself invalid, void, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void, or unenforceable.

8. Governing Law. The Policy and all actions taken thereunder shall be governed by and construed and enforced in accordance with the laws of the State of New Hampshire without regard to the principles of conflict of laws thereof.

9. Notices. All notices or other communications required by or otherwise with respect to the Policy shall be in writing and shall be deemed to have been duly given when delivered (a) in-hand, (b) by certified mail, (c) by confirmed telefax, or (d) by a recognized commercial delivery service at the following notice addresses:

To Board of Trustees:	ATTN: Chair, Board of Trustees New Hampshire Retirement System 80 Commercial Street Concord, New Hampshire 03301-5031 Fax: (603) 410-3500
To NHRS:	ATTN: Executive Director New Hampshire Retirement System 80 Commercial Street Concord, New Hampshire 03301-5031 Fax: (603) 410-3500

4.3 – Political Contributions Policy
Date Adopted: January 14, 2014
Amended & Restated: February 10, 2026
Revised: August 4, 2026

1. Preamble

1.1. The Board and the Independent Investment Committee (IIC) have authority over the management and investment of the New Hampshire Retirement System ("NHRS") and have a special fiduciary duty of loyalty to act solely in the interests of its members and beneficiaries. The Board and the IIC shall engage Vendors based on their merits, abilities, and commitment to act as fiduciaries of NHRS, its members, and its beneficiaries pursuant to the duties and responsibilities authorized under RSA 100-A.

1.2. This Policy was adopted under the Code of Ethics governing political contributions with respect to NHRS' Vendors and generally provides as follows: First, it prohibits the engagement or retention of a Vendor for a two-year period if the Vendor or any of its Covered Associates has made a non-excepted Contribution on behalf of a State Official. Second, it prohibits Vendors from indirectly making non-excepted political Contributions or Payments to, or on behalf of, State Officials through consultants, lobbyists, third-party intermediaries, "friends of," independent or other personal support committees, charitable trusts, or other persons. Third, it precludes any compensation arrangement with third-party intermediaries where the intermediary (including the intermediary's partners, political committees, or affiliates) has made Contributions or Payments covered under this Policy, and where the intermediary's compensation is directly or indirectly tied to generating Vendor-related business with NHRS.

2. Purpose

2.1. The Board and the IIC wish to ensure that the selection of Vendors to provide goods and Services to NHRS is based on the merits of the Vendors and not on political considerations. This Policy is designed to protect the members and beneficiaries of NHRS, and the integrity of its operations, by prohibiting the engagement of Vendors based on the payment of political contributions instead of merit. Additionally, Vendors that provide or are applying to provide goods or Services to NHRS are required, in the discretion of the Board and the IIC, to disclose certain Contributions, as well as other public information, allowing for public evaluation of any extraneous factors to the selection process.

3. Definitions For purposes of this Policy:

3.1. "Board" means the Board of Trustees of the New Hampshire Retirement System.

3.2. "Control" means to possess, directly or indirectly, influence or authority over another.

3.3. "Contribution" means any gift, subscription, loan, advance, or deposit of money or anything of value made:

3.3.1. For the purpose of influencing the election of a State Official;

3.3.2. For the purpose of influencing the election for local or state office of a person who is also a State Official;

3.3.3. For the payment of debt or expenses incurred in connection with the election of a State Official; or

3.3.4. For the direct or indirect payment of living or personal expenses on behalf of a State Official or his or her family members, or for outings, dinners, testimonials, or other social affairs by, for, or in the name of the State Official.

3.4. "Covered Associate of a Vendor" means:

3.4.1. Any general partner, managing member, or executive officer of a Vendor, or other person with a similar status or function;

3.4.2. Any person associated with a Vendor who is primarily engaged in providing goods or Services with respect to which NHRS has retained that Vendor;

3.4.3. Any person associated with a Vendor who is involved in client development or the solicitation of business from clients for the goods or Services with respect to which NHRS has retained that Vendor;

3.4.4. Any person associated with a Vendor who solicits NHRS for that Vendor and any person who supervises, directly or indirectly, such employee;

3.4.5. Any person associated with a Vendor who is a supervisor of any person described in the four subparagraphs above, up through and including the chief executive officer or individual with a similar status or function; and

3.4.6. Any political action committee controlled by a Vendor or by any person described in the five subparagraphs above.

3.5. "Covered Investment Pool" means:

3.5.1. An investment company registered under the Investment Company Act of 1940 (15 U.S.C. § 80a) that is an investment option of NHRS; or

3.5.2. Any company that would be an investment company under section 3(a) of the Investment Company Act of 1940 (15 U.S.C. § 80a-3(a)), but for the exclusion provided from that definition by either section 3(c)(1), section 3(c)(7), or section 3(c)(11) of that Act (15 U.S.C. § 80a-3(c)(1), (c)(7), or (c)(11)).

3.6. "IIC" means the Independent Investment Committee of NHRS.

3.7. "IIC member" means a member of the Independent Investment Committee of NHRS.

3.8. "Investment Adviser" means an investment adviser registered (or required to be registered) with the Securities and Exchange Commission or unregistered in reliance on the exemption available under Section 203(b)(3) of the Advisers Act, 15 U.S.C. § 80b-3(b)(3), or that is an exempt reporting adviser, as defined in 17 CFR § 275.204-4a.

3.9. "Investment Management Services" means:

3.9.1. The business of making or recommending investment management decisions for or on behalf of NHRS;

3.9.2. The business of advising or managing a separate entity which makes or recommends investment management decisions for or on behalf of NHRS; or

3.9.3. The provision of financial advisory or consultant services to NHRS.

3.10. "Payment" means any gift, subscription, loan, forbearance, advance, deposit of money, or anything of value, tangible or intangible.

3.11. "Policy" means this Political Contributions Policy.

3.12. "Political Party" means any political party or political committee organized in this State.

3.13. "Retirement System" means the New Hampshire Retirement System.

3.14. "Services" means investment management services or any other useful act provided to NHRS for a fee.

3.15. "Solicit" means:

3.15.1. With respect to goods or Services, to communicate, directly or indirectly, for the purpose of obtaining or retaining a client for, or referring a client to, a Vendor.

3.15.2. With respect to a Contribution or Payment, to communicate, directly or indirectly, for the purpose of obtaining or arranging a Contribution or Payment.

3.16. "State" means the State of New Hampshire.

3.17. "State Legislature" means the New Hampshire General Court.

3.18. "State Official" means any person or committee of the State (including any election, political action, “friends of”, independent, or personal support committee for or on behalf of a State Official) who was, at the time of the Contribution, an incumbent, candidate, or successful candidate for Governor or Executive Councilor of the State, Trustee or IIC member of NHRS.

3.19. "Third Party Solicitor" means a person who solicits the engagement or retention of investment management or other business through direct or indirect communication with NHRS on behalf of or in the interest of a Vendor. For the purposes of this paragraph 3.19, “communication” with NHRS includes communication with its Trustees, IIC members, employees, consultants or other professional advisers, or any State Official, labor union, or employee association authorized to nominate or appoint members to the Board or IIC, or officer, director, executive, agent or employee acting in behalf of such union or employee association.

3.20. "Trustee" means a trustee of NHRS.

3.21. "Vendor" means:

3.21.1. An Investment Adviser, or

3.21.2. Any other entity selected by the Board or IIC to provide goods or Services to NHRS.

4. Prohibitions

4.1. It shall be a violation of this Policy for any Vendor to provide goods or Services for compensation to NHRS within two (2) years after a Contribution to a State Official is made by the Vendor or any Covered Associate of the Vendor (including a person who becomes a Covered Associate of the Vendor within two (2) years after the Contribution is made); and

4.2. It shall be a violation of this Policy for any Vendor or Covered Associate of a Vendor, or any entity seeking to be engaged as Vendor and the Covered Associates of that entity:

4.2.1. To provide or agree to provide, directly or indirectly, Payment to any person or political action committee, including but not limited to any Third-Party Solicitor, to Solicit NHRS for goods or Services on behalf of such Vendor unless such person is an executive officer, general partner, managing member (or in each case, a person with similar status or function), or employee of the Vendor.

4.2.2. To coordinate or to Solicit any person or political action committee to make, any:

4.2.2.1.1. Contribution to any State Official when the Vendor is providing or seeking to provide goods or Services to NHRS; or

4.2.2.1.2. Payment to a Political Party of the State or of a locality of the State when the Vendor is providing or seeking to provide goods or Services to NHRS.

4.2.3. To fund any Contribution or Payment to a Political Party made by third parties, including consultants, attorneys, family members, or persons controlled by the Vendor;

4.2.4. To engage in any exchange of political Contributions or Payments between State Officials or Political Parties to circumvent the intent of this Policy.

4.3. An Investment Adviser to a Covered Investment Pool in which NHRS invested or is Solicited to invest shall be treated as though that Investment Adviser were providing or seeking to provide Investment Management Services directly to NHRS.

4.4. It shall be a violation of this Policy for a Vendor or any of its Covered Associates to do anything indirectly that, if done directly, would result in a violation of this Policy.

5. Exceptions

5.1. Prohibition 4.1 above does not apply to Contributions made by a Covered Associate, if a natural person, to State Officials for whom the Covered Associate was entitled to vote at the time of the Contributions and which in the aggregate do not exceed $350 to any one State Official, per election.

5.2. Prohibition 4.1 above does not apply to Contributions made by a Vendor or the Covered Associate of a Vendor to any Political Party which in the aggregate do not exceed $350 to any political party per calendar year.

5.3. Prohibition 4.1 above does not apply to a Vendor as a result of a Contribution made by a natural person more than twelve (12) months prior to becoming a Covered Associate of Vendor unless such a person, after becoming a Covered Associate, Solicits clients on behalf of the Vendor.

5.4. Exception for certain returned Contributions of Vendors:

5.4.1. A Vendor that is prohibited from providing goods or Services for compensation pursuant to Prohibition 4.1 above as a result of a Contribution made by a Covered Associate of the Vendor is excepted from such prohibition, subject to sections 5.4.2, 5.4.3, 5.4.4 of this Policy, upon satisfaction of the following requirements:

5.4.1.1. The Vendor must have discovered the Contribution that resulted in the prohibition within four (4) months of the date of such Contribution;

5.4.1.2. Such Contribution must not have exceeded $350; and

5.4.1.3. The contributor must obtain a return of the Contribution within 30 calendar days of the date of discovery of such Contribution by the Vendor.

5.4.2. In any calendar year, an Investment Adviser that has reported on its annual updating amendment to Form ADV (17 CFR 279.1) of the United States Securities and Exchange Commission that it has more than 50 employees is entitled to no more than three (3) exceptions pursuant to Section 5.4.1 of this Policy, and an Investment Adviser that has reported on its annual updating amendment to Form ADV that it has 50 or fewer employees is entitled to no more than two (2) exceptions pursuant to Section 5.4.1 of this Policy.

5.4.3. In any calendar year, any Vendor other than an Investment Adviser may rely on the exception provided in Section 5.4.1 of this Policy no more than twice.

5.4.4. A Vendor may not rely on the exception provided in Section 5.4.1 of this Policy more than once with respect to the Contributions by the same Covered Associate of the Investment Adviser regardless of the time period.

6. Reporting

6.1. Except as otherwise provided in this section, each vendor engaged to provide goods or services to NHRS shall, by the last day of the month following the end of each calendar quarter, file with NHRS the following information:

6.1.1. For all Contributions and Payments to Political Parties or State Officials in the State made by persons described in Section 4 of this Policy.

6.1.1.1. The name and address of the contributor;

6.1.1.2. The name and title of each State Official or Political Party receiving the Contribution or Payment;

6.1.1.3. The amount of the Contribution or Payment to the Political Party or State Official; and

6.1.1.4. The date of the Contribution or Payment to the Political Party or State Official.

6.1.2. Whether any Contribution or Payment to a Political Party or State Official reported under this section is the subject of an Exception pursuant to Section 5 of this Policy, and the date of such Exception; and

6.1.3. For any payment made to a Third-Party Solicitor in connection with NHRS: the name and business address of the Third-Party Solicitor, the services provided by the Third-Party Solicitor, the compensation arrangement between the Vendor and the Third-Party Solicitor, and the total dollar amount of payments made during the reporting period.

6.2. Each Vendor seeking to provide goods or Services to NHRS shall file with NHRS quarterly disclosure reports as provided in this section covering the four quarters immediately preceding the date of its application to provide Investment Management Services to NHRS.

6.3. Each Vendor seeking to provide goods or Services to NHRS shall be required to report to NHRS for every calendar quarter provided it has information required to be reported pursuant to this section for such calendar quarter.

6.3.1. No Vendor shall be required to report to NHRS for any calendar quarter in which it has no information required to be reported for such calendar quarter; except that NHRS may require the Vendor to confirm once annually that it has no information to report.

6.4. Once a Contribution or Payment to a Political Party, State Official or Third-Party Solicitor has been disclosed on a report, the Vendor need not disclose that same Contribution or Payment on subsequent reports.

6.5. Each Vendor seeking to provide goods or Services to NHRS shall report the information required by this Section in such form as the Board shall determine in its sole discretion.

7. Public Disclosure

7.1. NHRS shall make publicly available a copy of each report received from a Vendor pursuant to Section 6 of this Policy within thirty (30) days of its receipt in such form as the Board shall direct.

8. Effective Date

8.1. The prohibitions provided under this Policy apply only to Contributions or Payments made on or after the November 13, 2007, date of adoption of this Policy as amended by the Board. The disclosure provisions of this Policy, as amended, shall take effect for the reporting period of the quarter ending December 31, 2007, and as amended February 10, 2026.

4.4 – Communication Policy

Date Adopted: January 14, 2014
Amended & Restated: February 10, 2026
Revised: August 4, 2026

I. Purpose and Intent

A. NHRS Board recognizes that potential problems can be avoided by having a clear policy that addresses both internal and external communications. It is also important that the roles and responsibilities of the Board and staff are outlined to facilitate effective communication between and among the Trustees, staff, members, employers, and other interested parties.

II. Policy

A. Among Trustees. Because NHRS is an independent agency of the State, Trustees must act in accordance with the Open Meetings Law of the State when discussing NHRS business. The law states that when a quorum of Trustees meet and discuss NHRS business the meeting must comply with the public meeting laws.

Discussion of NHRS business between Trustees by electronic mail is subject to the requirements of being open to the public.

NHRS Trustees are to contact the Board Chair or the Executive Director if they wish to have specific issues discussed by the Board so that these items can be added to the Board meeting agendas.

Informal and purely social gatherings of Trustees where NHRS business is not discussed are not prohibited by the State Open Meetings Law or this policy.

B. Between the Board Officers and other Trustees. Any Trustee may contact the Chair, or in his or her absence, the Vice Chair, regarding issues of interest or concern about NHRS.

C. Between the Executive Director and the Board. Information for monthly Board meetings will be sent to all Trustees five to seven days before the meetings through regular mail or by electronic means. The Executive Director has the responsibility to communicate with the Board Chair between meetings if and when issues arise that require their immediate attention.

D. Between the Board and the Staff. Open communication should exist between the Board and staff. If a Trustee needs information or assistance, their primary contact is the Executive Director. Alternatively, they may contact other members of the management team directly if the Executive Director is not readily available.

Trustees may also contact the Board's executive assistant directly regarding meeting schedules, travel arrangements, reimbursements, mail, and other administrative matters. The Chief Legal Counsel (CLC) can give more specific advice on confidentiality of Board/CLC discussions or legal advice as needed.

E. **Between NHRS and the Media.** The primary media contact for NHRS is the Executive Director or his or her designee.

F. **Between NHRS and the Membership.** Information to members regarding the plan or their particular benefits is best communicated by the appropriate NHRS staff with knowledge and expertise. Trustees are not expected nor encouraged to counsel members, retirees, or beneficiaries about their eligibility or benefits. Trustees should encourage the member to speak directly to the appropriate staff member who has the best information available. This also allows NHRS to treat each member fairly and consistently, which is part of the Board's fiduciary duty.

   Discussions of a particular member's situation outside of a Board meeting can lead to the disqualification of a Trustee should that member make an application for a benefit which requires approval of the Board. Trustees must make decisions based on evidence and testimony presented only at the Board meeting and not on other factors of which a Trustee may be aware.

4.5 – Education Policy

Date Adopted: January 14, 2014
Amended & Restated: February 10, 2026
Revised: August 4, 2026

I. Purpose and Intent

As a matter of general policy concerning fiduciary education, each and every Trustee and Independent Investment Committee (IIC) member of the New Hampshire Retirement System (NHRS) has an inherent and continuing obligation to NHRS' members and beneficiaries to be informed in the prudent management of the trust and is encouraged to attend education sessions to better prepare themselves to meet their fiduciary duties.

The complexities of the prudent management of the total assets held in trust by the Board, and the delegated administration by staff of the current and future retirement benefits of the members and beneficiaries of NHRS, impose a continuing need for the Trustees and, as appropriate, IIC members to obtain education to allow them to perform those fiduciary and administrative duties owed to the members of NHRS. To permit Trustees and IIC members to discharge their fiduciary duties with care, skill, prudence, and diligence and to ensure that all Trustees have a full understanding of the issues facing NHRS and IIC members have a full understanding of the investment issues facing NHRS, the Board has adopted orientation and continuing education programs, encourages education, and makes available appropriate periodicals to foster Trustee and IIC member awareness of relevant developments.

Trustees and, as appropriate, IIC members are strongly encouraged to obtain education on a regular basis that provides and improves core competencies necessary to govern a complex, multi-billion-dollar public pension fund with global investments. By Board policy, the Trustees and, as appropriate, IIC members are committed to participating in ongoing orientation and educational activities relating to pension plan governance, investment, and other germane topics, with the expectation and goal of maintaining high levels of engagement and competence.

II. Policy

A. Orientation of New Trustees and IIC members.

1. **Attendance:** Each new Trustee and IIC member is encouraged to attend an orientation session.

2. **Timing for Orientation**: The new Trustee or IIC member is urged to attend orientation before sitting at the first Board or IIC meeting as a voting member. The orientation will be arranged to meet the schedule of the Trustee or IIC member and may take place over more than one day.

3. **Time Commitment:** The orientation is expected to take at least 10 hours of combined self-study and presentation time and may require more or less time depending on the needs of individual Trustees or IIC members.

4. **Development and Content:** The orientation sessions for new Trustees will be developed by the Executive Director and reviewed by the Governance Committee, and the orientation sessions for new IIC members will be developed by the Director of Investments and reviewed by the IIC. The sessions will include some or all of the following topics, depending on whether the orientation is prepared for a Trustee or an IIC member:

    a. A brief history and overview of NHRS, including the mission and purpose of NHRS;

    b. A summary of the laws and rules governing NHRS and the Board;

    c. An explanation of the legal status of NHRS;

    d. An explanation of fiduciary responsibility, conflicts of interest, and ethics;

    e. An explanation of the strategic plan and the planning process;

    f. A high-level review of existing Board policies;

    g. A brief explanation of the benefit structure;

    h. Actuarial concepts and key terms;

    i. Investment review and key terms;

    j. A briefing on current and emerging hot topics in the public fund industry;

    k. Biographical information on the other Trustees or IIC members and executive staff;

    l. An introduction to NHRS executive staff, and an overview provided by each of them regarding the operations of their various operating divisions;

    m. A tour of NHRS offices; and

    Other topics as requested by the Board or the IIC.

5. **Written Materials:** At or before the orientation session(s), the new Trustees or IIC members will receive the following documents:

a. A listing of names, addresses, and contact information for the Trustees and IIC members;

b. A listing of names and contact information for Executive Management;

c. Organizational chart;

d. Background information about Executive staff;

e. Description of Board delegations and Executive staff duties;

f. The Board of Trustees Governance Manual, including all governance policies;

g. The Investment Manual;

h. Governing statutes;

i. The most recent Board or IIC packet;

j. Minutes from the previous year of Board or IIC meetings;

k. A list of Board Committees for Trustees;

l. Most recent Annual Comprehensive Financial Report (ACFR);

m. Most recent Comprehensive Annual Investment (CAIR);

n. Most recent actuarial valuation and experience study reports;

o. Most recent investment performance report;

p. Fiduciary liability policy or a summary;

q. Background information about outside consultants and attorneys;

r. List of all service providers and their roles;

s. Summary of pending litigation;

t. Summary of pending state and federal legislation;

u. Summary of benefits in each plan;

v. Statistics on member services;

w. Publications and brochures about benefits and services;

x. Sample (anonymous) member statements and estimates;

y. Operating budget for NHRS;

z. Executive Director evaluation criteria form to be used in upcoming year;

aa. Board self-evaluation form, if applicable;

bb. Strategic plan materials, if available;

cc. Investment dictionary and pension glossaries;

dd. Website information;

ee. Selected industry books and periodicals; and

ff. Any other relevant information or documents deemed appropriate by the Board and/or Executive Director for new Trustees, and any other relevant information or documents deemed appropriate by the Board, IIC, Executive Director and/or Chief Investment Officer for new IIC members.

B. Ongoing Education. Recognizing that the knowledge required for Trustees and IIC members to perform their fiduciary duties with the high level of care and prudence required goes beyond on-the-job training, the Board and the IIC support the pursuit of ongoing education in a variety of ways.

1. **In-House Education Sessions**: Based on the personal education needs of the Trustees and IIC members and the new topics facing them, the Executive Director or, for the IIC, the Director of Investments will arrange for staff or outside service providers to conduct educational sessions throughout the year at Board and IIC meetings. A minimum of one in-house education session will be held per year for each body.

2. **Retirement Industry Periodicals:** Trustees and IIC members are encouraged to subscribe to periodicals that address pension and investment-related topics. The expense for the periodicals will be paid by NHRS.

3. **Fiduciary Training:** Each year the Chief Legal Officer will arrange for a fiduciary education session during a Board meeting that will update the Trustees on issues affecting their service on the Board. Trustees are expected to attend.

4. **Educational Conferences:** Attending educational conferences is considered an appropriate way for Trustees and IIC members to receive continuing education on issues affecting NHRS. Trustees and IIC members are encouraged to attend conferences not only to hear speakers on industry topics but also to network with their counterparts serving on similar boards or committees in other states.

The Board will maintain a resource list of educational conferences as a framework for the types of opportunities Trustees and IIC members should consider in their fiduciary education. The list will be maintained in an effort to help Trustees and IIC members make decisions about what conference they want to attend. However, the resource list should not be considered an exhaustive list, as other conferences may be identified that Trustees or IIC members would benefit from attending. It will normally be the case that no more than two members of the Board, IIC, and staff shall be given approval to attend the same educational conference; however, the Board, in its discretion, may approve additional attendees.

5. **Trustee and IIC Member Commitment:** Trustees and IIC members are encouraged, but IIC members are not required to seek out, evaluate, and take advantage of appropriate educational tools, which may include, but are not limited to, external conferences, seminars, workshops, roundtables, courses, or other industry-specific opportunities.

6. **Travel Evaluation:** In considering out-of-state educational opportunities, Trustees and IIC members should weigh the costs and benefits of travel against locally based education to determine if reasonable alternatives exist, particularly related to international travel.

7. **Approval of Educational Travel:** Board approval of Trustee or IIC member travel is contingent upon review of the agenda, expected costs, and value of the conferences presented in writing in the monthly Board materials.

8. **Self-Study Program:** The Executive Director, at the direction of the Board, will develop a self-study program to assist those Trustees and IIC members who desire alternative ways to increase their knowledge about the issues facing NHRS. Web-based education programs may also be an appropriate way for Trustees or IIC members to receive additional education and may, in some instances, serve as an alternative to conferences and seminars.

9. **Continuing Improvement:** The Board recognizes that some educational opportunities are better than others. In order to adequately assess the value of each, the Trustees or IIC members will evaluate in-house and external sessions after attending so the Board can assess whether the educational opportunities were meaningful and helpful.

4.6 – Travel Policy

Date Adopted: January 14, 2014
Amended & Restated: February 10, 2026
Revised: August 4, 2026

I. Purpose and Intent

The complexities of prudent management of fund assets impose an obligation on all Trustees of the New Hampshire Retirement System (NHRS) and Independent Investment Committee (IIC) members to attend business meetings, professional and educational conferences, seminars, and fact-finding sessions to perform their fiduciary duties effectively. As fiduciaries, the Trustees and IIC members must see that only reasonable and necessary expenses are incurred in the governance and management of NHRS. This is accomplished through the administrative and investment budgets. In the administrative budget (and other documents where travel expenses are reported), Trustee and IIC travel will be reported separately from staff travel. In addition to the budget, the Board has adopted this Travel Policy to provide more detail about the parameters for fiduciary travel.

II. Policy

A. **Travel to Board and Committee Meetings.** Travel is required to attend any publicly noticed meetings of the NHRS Board, its committees, or the IIC. Public notice of a Board, Board committee, or IIC meeting serves as automatic approval of fiduciary travel necessary to attend the meeting.

B. **Travel for Educational Purposes and NHRS Business.** Travel may be necessary for educational purposes and NHRS business. Trustees and IIC members may be required or encouraged to attend meetings, seminars, conferences, or educational classes by NHRS Education Policy. A budget for travel expenses (transportation, per diems, lodging) will be established within the administrative budget to cover Trustee or IIC member reimbursement of such travel expenses. Any Trustee or IIC member requesting an exception to the budgetary limits must present a written request in advance to the full Board for consideration at a regularly scheduled public meeting.

C. **Expense Reimbursement.** Reasonable expenses are reimbursable under NHRS' fiscal requirements and must be disclosed and reported pursuant to those requirements of the Board. Claims for reimbursement shall be submitted on the form then in use by NHRS. Trustees and IIC members shall be periodically informed of the amount of the remaining balance of the educational allotment.

D. **Method of Reimbursement.** NHRS shall pay for reasonable travel expenses either by a per diem in accordance with State guidelines or by actual expenses that are supported by receipts. The choice of the method of reimbursement is made by each individual Trustee or IIC member.

E. **Spouse or Guest Travel.** The cost of travel of a spouse or guest accompanying the

Trustee or IIC member shall be at their personal expense. Shared spousal lodging rarely involves an additional expense; therefore, NHRS shall not require reimbursement from the Trustee or IIC member for the lodging expenses attributable to a spouse or guest.

F. **Third-Party Payments.** Third-party payments by service providers for travel and lodging are not allowed.

G. **Urgent Travel.** It is recognized that there will be an occasional need for travel that will arise unexpectedly between regular Board or IIC meetings. In such urgent instances, the Chair of the Board may approve or deny the travel requests that have not been approved at a Board meeting. The Chair of the Board, or, in his or her absence, the Executive Director, shall give notice of such ex parte approvals of travel to the Board of Trustees and request their ratification at its next Board meeting.

4.7 – Board Self-Evaluation Policy
Date Adopted: Tabled at the July 2008 meeting
Amended & Restated: February 10, 2026
Revised: August 4, 2026

At least every three years, the Board will conduct a Self-Evaluation consisting of two parts, referred to as Part A (Trustee self-assessment) and Part B (overall Board self-evaluation). The criteria used in Part A and Part B will address current governance practices and what the Board wants to achieve.

Governance issues to be discussed will include:

- Usefulness of Board education
- Preparedness for meetings
- Effectiveness of committees
- Timeliness and thoroughness of decision-making
- Approaches to policy development
- Involvement with strategic planning
- Board/Executive Director relations
- Delegations and oversight

The Board Chair is responsible for overseeing the implementation of this policy, determining whether to initiate a Board Self-Evaluation, approving the criteria, and making recommendations to the Board about issues arising out of the evaluation process.

The purpose of the Self-Evaluation is to provide Trustees with a framework for reviewing the performance of the Board in a confidential manner. All Trustees are encouraged to participate.

Copies of the blank Board Self-Evaluation Form will be distributed to each Trustee prior to the annual Board meeting in October. Trustees shall complete the Evaluation Form and return it to the Board Chair or a designated third party at least one week before the annual Board meeting.

The Board Chair will prepare and present the summary report to the full Board at the annual Board meeting and will facilitate discussion of the report by the Board.

Nothing in this policy shall be construed as limiting the ability of the Board Chair to initiate a Self-Evaluation exercise at any point in time upon whatever schedule he or she may deem appropriate.

4.8 – Trustee Employer Reimbursement Policy

Amended & Restated: February 10, 2026
Revised: August 4, 2026

I. **Purpose and Intent.** The purpose of this policy is to establish the conditions under which the Board may reimburse a participating employer for costs relating to the membership of such employer's employee on the Board of Trustees.

II. **Policy.** The Board, at the request of the employer of any active member-Trustee, may, at its discretion, reimburse such employer for costs associated with allowing the member-Trustee to carry out obligations as a Trustee. Such reimbursement shall be limited to the reasonable incremental costs incurred by the employer. An example of such a cost would be the per diem cost of employing a substitute teacher for such member. Trustees are expected to minimize, wherever possible, the time the member-Trustee is necessarily absent from employment to execute the duties of the Board, including Committee meetings.

Prior to determining whether to make such reimbursement in full or in part, the Board shall request the documentation it deems necessary from the employer.

5.1 – Audit Policy
Date Adopted: October 12, 2010
Amended & Restated: February 10, 2026
Revised: August 4, 2026

I. Purpose and Intent.

State law requires that NHRS undergo an independent financial audit every year. The Board has the overall responsibility for both the external financial audit and the internal audit program for NHRS. The purpose of this policy is to establish the parameters within which those responsibilities shall be performed.

II. Policy.

A. External Financial Audits. An external financial audit of NHRS accounting records will be conducted annually by an outside independent accounting firm. The firm will be selected by the Audit Committee through a Request for Proposal (RFP) process, and monitoring of the annual audit will be performed by the Audit Committee. The Audit Committee may establish an Advisory Committee consisting of non-Board members who are certified public accountants and others working in the public accounting field to assist in its auditing functions.

The Board determines the scope of the audit engagement and may add other areas to the audit in addition to those required by RSA 100-A:15, VI. The auditor shall present the audited financial report and resulting findings to the Audit Committee for its approval and acceptance by December 31 each year unless the Board of Trustees, for good cause, shall extend such period.

The Staff is expected to cooperate fully with reasonable requests of the auditors. Written audit findings and management letters will be provided to the Audit Committee along with staff responses to the findings. The documents will be distributed to the Audit Committee as soon as is practicable before the meeting at which they are to be discussed. The Audit Committee Chair will arrange for the Director of Finance to periodically update the full Board on the progress and status of the annual audit.

B. Performance Audits. The Audit Committee may select a qualified independent auditor to conduct performance audits on any topic and at any time it deems prudent and appropriate.

C. Internal Audit. NHRS will either outsource or maintain, at the discretion of the Executive Director, an internal audit function to provide independent, objective assurance and guidance to improve operations and ascertain that the assets are appropriately safeguarded and that sound internal controls exist.

The provider is responsible for this function and shall take a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, internal control, and governance processes. Specifically, the provider shall:

- Periodically, perform a risk assessment to identify all business processes and assess the risk level associated with each;

- Present to the Audit Committee for approval an annual audit plan incorporating functional areas or processes identified as high risk and those with known concerns;

- Provide advice to the management of NHRS because of its activities in a consultative manner to improve operations; and

- Report regularly to the Audit Committee on its plans, activities, staffing, and accomplishments.

To ensure the proper exercise of the responsibilities of the function, the provider shall have unrestricted access to the Audit Committee and the Board of Trustees; similarly, the Audit Committee shall have unrestricted access to the provider, including meetings held in nonpublic session in conformity with RSA 91-A, whenever necessary. The provider shall have complete access to all records, files, information systems, personnel, contractors, physical properties, and any other relevant items to aid in accomplishing its mission.

Written audit findings and recommendations will be provided to the Audit Committee and/or the Board along with staff responses to the findings.

The provider of internal audit services shall be professionally trained and follow the standards of the Institute of Internal Auditors' International Standards "Global Internal Audit Standard" for Internal Auditing, or the American Institute of Certified Public Accountants for the Professional Practice of Internal Auditing, as appropriate.

5.2 – Procurement Policy
Date Adopted: October 14, 2008
Amended & Restated: February 10, 2026
Revised: August 4, 2026

I. Purpose and Intent.

This Policy is intended to comply with the fiduciary duty of prudence of the Board of Trustees (Board) with respect to the procurement of goods and services for NHRS. The Board's overall intention is to effectively manage expenses, promote fairness and competition among vendors and service providers, and be flexible to address any unique circumstances that arise during the course of business exigencies. This Policy does not cover contracts for investment managers, which are governed by the Investment Manual.

II. General Policy.

A. Board Responsibilities. The Board has the authority to approve contracts for goods and services that are within established budgets and has delegated to the Executive Director the authority to approve certain contracts without prior approval as provided below.

Competitive bids are generally required, and the Board has delegated to staff the responsibility to seek and review such bids and to make recommendations to the Board, as required. The Board, in its discretion or upon recommendation of staff, may require the use of a formal Request for Proposal (RFP), Request for Information (RFI), or Request for Qualifications (RFQ) to solicit proposals, taking into consideration the amount of the expenditure, the complexity or materiality of the goods or services to be contracted for, and any other facts or circumstances it deems to be relevant. In all instances, an RFP process will be utilized for legal, audit, custodial, investment consultant, and actuarial services. In limited instances, the use of sole sourcing is permitted as provided for in this Policy.

The Board has delegated to staff the responsibility to develop Contract Administration Procedures for identifying vendors and negotiating vendor contracts, renewals, and terminations. All contracts must be reviewed and approved in accordance with the Contract Administration Procedures, unless expressly excepted therein.

B. Executive Director Delegation and Responsibilities. The Board of Trustees delegates to the Executive Director the authority to approve contracts for initial expenditures of goods or services for NHRS up to the amount of $50,000 per contract on an annualized basis, or any amendment or addendum to an existing contract up to the amount of $50,000 on an annualized basis that provides for additional goods or services that were not included in the initial contract, without prior Board approval. The renewal of a contract under preexisting terms and pricing does not require Board approval. The Executive Director will inform the Board of the approval of such contracts at its next regularly scheduled meeting. Amounts for Small Contracts and Emergency Procurements are not included in these limits.

C. Small Contracts. An initial contract, or a renewal, amendment, or addendum to an existing contract that provides for additional goods or services that were not included in the initial contract, for an estimated dollar value of $7,500 or less on an annualized basis, may be made without obtaining competitive pricing if the Executive Director deems that to be reasonable. All efforts will be made to ensure small contracts are awarded in an equitable and fair manner. The Executive Director will inform the Board of such contracts at its next regularly scheduled meeting.

D. Sole Sourcing. There may be some instances where sole source procurement is optimal for certain contracts, including amendments, addendums, or renewals to existing contracts. Sole sourcing is appropriate when it can be demonstrated that the services or goods being sought are unique in nature or when there is a compelling economic or operational justification for selecting a specific firm, vendor, or service provider. In these instances, the Executive Director will document for the Board the reasons for the sole source procurement. This documentation will include a description of the services or goods, the estimated cost, a determination that the estimated costs are fair and reasonable, and the supporting rationale for recommending a specific firm, vendor, or service provider. Sole source contracts are subject to the dollar limits on authority as herein provided.

E. Emergency Procurement. The Executive Director is authorized to make Emergency Procurements up to $100,000 to address "emergency conditions." The Governance Committee is authorized to make Emergency Procurements up to $200,000 if the timing of the next scheduled Board meeting would not allow for a timely decision. "Emergency conditions" are those that, if not immediately addressed, could negatively affect the continuation of NHRS' functions, the preservation and protection of persons or property, or the best interests of members and beneficiaries. The Executive Director shall promptly advise the Board Chair when an Emergency Procurement is required and present written justification for the Emergency Procurement at the next scheduled Board meeting for the Board's ratification. The Executive Director shall promptly notify all Trustees by email when an Emergency Procurement is authorized by the Executive Director or the Governance Committee.

5.3 – Strategic Planning Policy

Date Adopted: August 11, 2009
Amended & Restated: February 10, 2026
Revised: August 4, 2026

I. Purpose and Intent.

The Board and senior staff of New Hampshire Retirement System ("NHRS") recognize that the best way to be efficient and orderly in fulfilling the mission of the organization is through strategic planning.

The purpose of this policy is to establish a framework for long-range strategic planning that will guide the shorter-term (annual) business plans of the organization. By adopting this policy, the Board states its intention to engage with senior staff in a systematic planning process to assess the needs of NHRS members, evaluate new opportunities to fulfill the mission of the organization, focus resources on high-value activities, and establish a plan that sets the general parameters within which decisions will be made.

II. General Policy.

A. **Principles.** The principles that the Board has adopted for strategic planning are:

1. **Timing.** NHRS' strategic plan will be a rolling 3- to 5-year plan that will be updated annually through the cooperative efforts of the Board and senior staff. Discussions of new initiatives or significant changes in direction for NHRS that arise during regular Board meetings will be held in abeyance and incorporated into the agenda for the next strategic planning session unless the matters are urgent and cannot wait to be addressed.

2. **Input.** Input from NHRS staff, stakeholders, and other interested parties will be solicited throughout the year.

3. **Communication.** When the strategic plan has been updated, it will be communicated to the entire staff of the organization and to other stakeholders, as appropriate.

4. **Monitoring Progress.** Each year, progress under the plan will be provided in the form of a written report to the Board for its review and evaluation. Brief quarterly progress reports will also be provided to the Board by the Executive Director. The Board's consensus view of progress under the plan will be one factor in the performance assessment of the Executive Director, and the Executive Director will, likewise, use planning progress as a factor when assessing the performance of the other executives.

B. **Board Responsibilities:**

1. **Plan Development and Updates.** Identifying the critical success factors for the overall plan. Reaching consensus and providing input to senior staff on the strategic planning process. Reaching consensus and adopting the initial strategic plan for NHRS, including the Vision, Mission, Core Values, Goals, and Objectives. Updating the plan annually by adding, modifying, or deleting Goals and Objectives.

2. **Implementation and Measurement.** Monitoring the implementation of the strategic plan. Approving the method for performance measurement, including metrics and benchmarks, in order to evaluate progress under the strategic plan. Assessing NHRS' strengths and weaknesses as well as the opportunities and threats in its environment. The Board will review the Strategic Planning Policy at least every three years to ensure that it remains relevant and appropriate.

3. **Budgeting.** Approving an operational budget that takes into account the upcoming year's activities under the strategic plan.

C. Executive Director Responsibilities:

1. **Plan Development and Updates.**

   - Identifying and prioritizing strategic issues.
   - Coordinating with the Board Chair so that the Board and the senior staff work together to review and update the plan's Goals and Objectives.
   - Identifying business risks, opportunities, and needs for NHRS.
   - Preparing white papers and other research to aid the Board in the discussion of strategic issues.
   - Recommending to the Board any Objectives that should be added to or deleted from the plan as well as any other modifications to the contents of the overall plan.

2. **Implementation and Measurement.**

   - Creating strategies that align with the Board's priorities and managing the staff implementation of the plan.
   - Assigning responsibility to staff and others through Action Plans that include timelines and budgets.

- Closely monitoring progress under the plan and promptly informing the Board of any obstacles that are impeding progress.

- Preparing annual progress reports for the Board and organizing an annual strategic planning session for the purpose of updating the plan.

- Seeking input from staff and stakeholders about key strategic issues prior to the annual planning session.

- Preparing brief quarterly progress reports regarding strategic initiatives for the Board's review.

5.4 – Pension Recoupment and Hardship Policies
Date Adopted: January 14, 2014
Amended & Restated: February 10, 2026
Revised: August 4, 2026

I. **Purpose and Intent.** The purpose of this Policy is to establish guidelines for recoupment of benefit overpayments.

II. **General Policy.**

A. **General Considerations.** Overpayments under RSA 100-A occur for several reasons, including, but not limited to, the following:

1. Payment of an incorrect amount for monthly pension benefits, one-time lump-sum payments, or return of contributions;

2. Payment of monthly pension benefits for a period during which a retiree was receiving workers' compensation;

3. Payment of monthly pension benefits after the death of a retiree;

4. Payment of monthly pension benefits after the death or remarriage of a surviving spouse or other beneficiary;

5. Payment of monthly pension benefits and medical subsidy payments during a period for which a retiree is restored to service pursuant to RSA 100-A:7; and

6. Overpaid medical subsidy payments to third-party administrators and former employers on behalf of beneficiaries.

NHRS is authorized to seek recoupment of overpayments under RSA 100-A and general fiduciary trust law principles. The Board's authority to make determinations regarding recoupments and grant Financial Hardship considerations is delegated to the Benefits Committee. NHRS Staff shall develop procedures for administering the Policy. The Benefits Committee shall have the discretion to adjust all or any portion of any overpayment. Medical subsidy adjustments involving State of NH retirees shall be conducted in the normal course as monthly vendor adjustments and shall not be considered under this Policy, provided there is no financial impact on individual retirees. NHRS Staff shall have the discretion to adjust all or any portion of overpayments less than $5,000. In each such case, adjustments can be granted based on consideration of the following principles of general trust law and equity:

1. The time at which NHRS knew, or should have known upon reasonable inquiry, that an overpayment had occurred;

2. The time at which NHRS learned of facts sufficient to serve as constructive or actual notice that an overpayment had been made;

3. The amount of time that has elapsed since the overpayment was made;

4. The amount of the overpayment;

5. The cause of the overpayment, and whether a plan fiduciary or NHRS Staff was in error;

6. Whether the recipient of the overpayment is still an annuitant;

7. The disposition that has been made by the recipient of the overpayment;

8. Whether recoupment of the overpayment would create a Financial Hardship; and

9. Whether it is reasonable to conclude that recoupment efforts would be successful or administratively feasible.

B. Method of Recoupment.

1. Overpayment of Monthly Pension Benefits. Overpayments of monthly pension benefits shall, in the discretion of the Benefits Committee, be recouped in one of the following manners:

    a. A lump-sum payment of the full amount of the overpayment; or

    b. An offset of no less than 50% of the amount of the monthly pension benefit overpaid over a period no longer than twice as long as the period over which the overpayment occurred; or

    c. In the event of a Financial Hardship, an alternative payment plan may be negotiated and agreed to in accordance with the Financial Hardship Policy in Section E. below; or

    d. In the event recoupment is made pursuant to b. or c. above, the amount repaid shall include interest calculated at the actuarial assumed rate of return in effect as of the commencement of the repayment term.

2. Overpayments of Medical Subsidy. Overpayments of medical subsidy payments shall be recouped by offsetting future medical subsidy payments made to the third-party administrator or former employer to whom the overpayments were made.

3. Other Overpayments. All other overpayments shall be recouped by a lump-sum payment of the full amount of the overpayment.

C. Death of Retiree with Joint Survivorship Benefit or Remarriage of Surviving Spouse. The following rules apply if overpayments are to be recouped following the death of the retiree, if there is a joint survivor benefit payable, or the remarriage of a surviving spouse receiving a 50% automatic survivor benefit under RSA 100-A:12,I.

1. No Offset Recoupment in Place at Death of the Retiree. If (a) the overpayment is not discovered until after the death of the retiree, (b) an overpayment was discovered prior to the death of the retiree but recoupment had not commenced prior to the death of the retiree, or (c) the overpayment occurs after the death of the retiree, then recoupment can be made in either of the methods enumerated in Section B. 1. above. Any determination to recoup by means of an offset shall be executed by offsetting the monthly joint survivorship benefit.

2. Offset Recoupment in Place at Death. If a recoupment offset has commenced prior to the death of the retiree, the offset shall continue to be taken against the monthly joint survivorship benefit.

3. Reduction of Offset. In the case of both 1 and 2 above, and in the case where the 50% automatic survivor benefit is terminated due to the remarriage of the surviving spouse, the Benefits Committee may, in its sole discretion, reduce the monthly amount of any offset as required by Section B.1.b above to 50% of the amount of the joint survivorship benefit payable (or such greater percentage as the Benefits Committee determines appropriate) if such joint survivorship benefit is less than 100% of the monthly amount overpaid upon which the recoupment amount was based. Such reduced offset shall continue for a period of time sufficient to recoup all of the overpayment.

D. Death of Retiree and No Survivorship Benefit or Death of Surviving Beneficiary. In cases where either (a) overpayments have not been fully recouped upon the death of a retiree and there is no joint survivorship benefit payable, (b) overpayments have not been fully recouped prior to the death of a surviving beneficiary, or (c) overpayments are made after the death of a surviving beneficiary, NHRS Staff shall take all reasonable steps to recoup the remaining overpayment including, but not limited to:

1. Contacting the bank of record immediately to stop payment and/or reverse the direct deposit of any monthly benefit payments made after the death of the member or beneficiary.

2. Contacting the deceased member's or deceased beneficiary's next of kin to (a) request the return of any monthly benefit payments made after the death of the member or beneficiary; (b) request repayment of any outstanding overpayment; (c) determine if the estate of the deceased member or beneficiary will be probated; and (d) determine if there are any trusts holding the assets of the

deceased member or beneficiary that provide that such assets may be used to pay any outstanding debts of the deceased member or deceased beneficiary.

3. Contacting the probate court to determine if any probate filings have been made with respect to the estate of the deceased member or deceased beneficiary.

4. Making a demand for repayment to the executor or personal representative of the estate of the deceased member or deceased beneficiary for payment and/or filing a claim against the estate in probate court.

5. Making a demand on the trustee of any trusts holding the assets of the deceased member or deceased beneficiary that provide that such assets may be used to pay any outstanding debt of the deceased member or deceased beneficiary.

6. Initiating legal proceedings in a court of competent jurisdiction.

7. Offsetting any excess accumulated contributions that are payable pursuant to RSA 100-A:11, I(d) or RSA 100-A:11, II(e).

E. **Financial Hardship Policy.** In instances of overpayment in which a member, beneficiary, or other legally responsible party (each, an “Obligor”) claims that repayment would create a Financial Hardship, the Benefits Committee shall have the discretion to adjust the amount to be recouped and/or the method of recoupment to mitigate the hardship for so long as such hardship continues. Any Obligor requesting Financial Hardship consideration shall provide detailed financial information for review by NHRS Staff including, but not limited to, tax returns, bank statements, and a financial affidavit. Such information will be reviewed by NHRS Staff, which shall recommend action to the Benefits Committee. In the case of overpayments of medical subsidy payments, Financial Hardship consideration may be granted only if the third-party administrator or the former employer indicates that it intends to make a demand for payment on the Obligor of the amount recouped, or to be recouped, from the third-party administrator or the former employer under Section B.2. above.

If the Benefits Committee grants consideration based on Financial Hardship, other than a waiver of the full amount to be recouped, NHRS Staff shall enter into a settlement agreement with the Obligor providing that the Obligor is required to:

1. Acknowledge the obligation to repay the overpayment amount with applicable interest.

2. Provide updated financial information periodically to determine whether the Obligor’s financial status has changed such as to warrant a change in the amount or method of recoupment.

3. Immediately notify NHRS of any material change in the Obligor’s financial status.

The Benefits Committee may require the Obligor to execute mortgages and/or security agreements that provide NHRS with an enforceable security interest in any real estate or tangible personal property owned by the Obligor with the understanding that such security interest shall be released by NHRS upon repayment in full of the recoupment amount and accrued interest. In the event that such real or tangible personal property is jointly owned by the Obligor and a third party, or is owned by an entity (such as a corporation, limited liability company, or partnership) that is owned or controlled by the Obligor, then the Obligor shall cause such joint owner, or the officer, manager, or general partner of such entity, to execute any mortgage or security agreement required under this provision.

5.5 – Voluntary Correction Program Policy
Date Adopted: June 14, 2011
Amended & Restated: February 10, 2026
Revised: August 4, 2026

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. <u>Internal Revenue Code Compliance Provisions</u>

(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) <u>Internal Revenue Code Section 401(a)(1), (2)</u>: 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 reasonable administrative expenses.

(c) <u>Internal Revenue Code Section 401(a)(8)</u>: 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) <u>Internal Revenue Code Section 401(a)(9)</u>:

(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);

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 incorporatedherein 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)).

(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) <u>Cost of Living Adjustments</u>: 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, 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.

b. 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) <u>Defined Contribution Limits</u>:

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 CodeSection 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) which is 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. NHRS will fail to meet the requirements of this paragraph,

   (i) if more than five years of nonqualified service credit are taken into account for purposes of this paragraph (6) or

   (ii) if any non-qualified service credit is taken into account under this paragraph (6) before the member has at least five 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' 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.

5.6 – Funding Policy
Date Adopted: March 11, 2014
Amended & Restated: February 10, 2026
Revised: August 4, 2026

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 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 the system's 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 the system's 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.

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 four 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.

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 Assumption

The Board adopts actuarial assumptions based on recommendations of the system's 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 system's 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 system's actuary make an actuarial investigation into the experience of the System every four 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 system's actuary.

The experience study report shall include, but not necessarily be limited to, analysis of and recommendations regarding the following assumptions.

- Pre-retirement withdrawal rates
- Retirement rates
- Disability rates
- Pay increase rates
- Mortality rates both before and after retirement
- Investment returns, which must be consistent with the investment policy, considering both real return and inflation

The experience study report will serve as the basis for determinations by the Board regarding whether demographic or economic assumptions should be modified for future valuations.

In the interim years, the system's 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 Independent Investment Committee (RSA 100-A:15, VII(c)(1)).

Because actuarial audits are valuable tools for monitoring the quality of actuarial services performed on behalf of NHRS, the Board shall also engage the services of an outside actuary to perform a review of the work of the system's actuary at least every four years. The process of staff procuring these actuarial audit services shall begin once the Board accepts each regular four-year experience study. The level and scope of the audit shall be determined by the Board. The Board may also pursue actuarial audit services outside of this four-year cycle, if it determines that circumstances warrant it. If there has been a change in actuarial firms since the most recent actuarial audit, the four-year requirement for actuarial audit services does not apply.

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 on the advice from the

Chief Investment Officer 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, retirement 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:

- Funded ratio (actuarial value of assets divided by actuarial accrued liability).
    - Measures progress towards the funding objective of the 100% target funded ratio.
- 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.
- Dollar standard deviation of investment return divided by total payroll.
    - Measures the risk associated with relative impact of negative asset returns on the funded status of the plan. A decrease in this measure indicates a decrease in investment risk.
- Total unfunded actuarial accrued liability (UAAL) divided by total payroll.
    - Measures the risk associated with the relative impact of contribution decreases on the ability to fund the UAAL. A decrease in this measure indicates a decrease in contribution risk.
- 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%.

- 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.
- 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.
- 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.
- 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:

- 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 retirement system's actuary to estimate the actuarial impact to the system.
- Under RSA 100-A:15, VII(d), 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.

NHRS does not determine the eligibility requirements for benefits or the level of benefits.

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 seven 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. The actuary's work shall also 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.

5.7 – Fraud Policy
Date Adopted: September 13, 2016
Amended & Restated: February 10, 2026
Revised: August 4, 2026

I. Purpose and Intent

This policy expresses the commitment of NHRS to effective fraud risk management through the commitment, cooperation and involvement of employees and members of the Board of Trustees in preventing, detecting and responding to all instances of fraud. This policy affirms the importance of fraud prevention to NHRS as a tool to achieve its mission, vision and strategic plan.

Non-compliance with this policy may lead to disciplinary action including, but not limited to, termination and criminal or civil action.

This policy is intended to provide a framework for the responsible and professional conduct by all NHRS employees and members of the Board of Trustees who may find themselves in a position of suspecting or identifying potentially fraudulent activities related to NHRS.

II. Definitions

A. *Fraud* – Fraud is an intentional act or use of words or an intentional omission designed to deceive another and avoid detection, resulting in the victim suffering a loss and/or the perpetrator achieving a gain. Fraud includes the use of one's position for personal gain through the deliberate misuse or misapplication of NHRS assets or resources. Examples of fraud could include, but are not limited to:

1. Misappropriation of assets such as funds, information, equipment, and supplies.
2. Impropriety in processing or reporting financial transactions.
3. Profiting as a result of insider information acquired by virtue of employment or Trusteeship at NHRS.
4. Disclosing confidential and proprietary information to outside parties.
5. Accepting or seeking anything of value from contractors, vendors, or others providing supplies or services to NHRS.
6. Destruction, removal, or inappropriate use or access to records or other NHRS property.

B. *Retaliation* – NHRS recognizes that the requirement to report fraudulent acts or other irregularities can be difficult because of the fear of reprisals against the complainant. NHRS will not tolerate such retaliation and will take the necessary action to protect those who raise concerns in good faith. NHRS management strictly prohibits any person from engaging in retaliation against a complainant for:

1. Providing information or making a complaint regarding conduct the complainant reasonably believes constitutes fraud.

2. Reporting, or participating in, proceedings related to fraud brought against the alleged perpetrator.

C. *Confidentiality* – When an individual raises a concern or reports a possible fraudulent event and does not wish his or her name to be disclosed, NHRS will do its best to protect that individual's identity. However, it should be noted that the investigation process may require that the source of the information be revealed, and the complainant may be required to provide a statement and disclose their identity as part of the evidence.

D. *Untrue Allegations* – Allegations made in good faith, but not confirmed by the investigation, will not result in any action against the complainant. However, if it is determined that the complainant made an allegation of fraud maliciously and without a reasonable basis, a disciplinary action may be considered against the complainant.

III. Responsibilities

All NHRS employees and Trustees are required to:

A. Act in an honest and ethical manner and protect the reputation and assets of NHRS.

B. Be alert to signs of fraudulent activity.

C. Uphold, institute, review, and maintain fraud prevention strategies.

D. Fully cooperate with the implementation of fraud prevention strategies and with investigations related to fraud.

E. Report awareness of suspected fraudulent conduct.

IV. Reporting Requirements

A. All Trustees and NHRS employees are required to report suspected fraudulent activity in good faith based on reasonable belief.

B. Reports from employees should generally be made to the complainant's immediate supervisor or, if uncomfortable doing so, to the employee's Executive Team (ETeam) Director, the Executive Director, the Chief Legal Counsel, the Director of HR, or the Internal Auditor.

C. Reports from Trustees should be made to the Board Chair or, if uncomfortable doing so, to the Executive Director, Chief Legal Counsel, and Internal Auditor.

D. The Executive Director, Chief Legal Counsel, and Internal Auditor will be provided with all reports of suspected fraudulent activity unless there is a conflict of interest on their parts.

V. Investigations

A. Great care needs to be taken in the investigation of suspected fraud or criminal actionaction so as to avoidG unfounded or incorrect accusationsG alerting individuals against hom an allegation has been made that a matter has been raised and an investigation is under a G and making statements hich could e pose the complainant to legal liabilit on identialit in accordance ith an and all applicable la s concerning the information offered b the complainant ill be maintained at all times

Accordingly, the complainant and/or supervisor should not:

1. Attempt to personally conduct investigations or interviews in order to determine whether or not a suspected activity is improper.
2. Contact the suspected individual(s) to determine facts or demand restitution.
3. Discuss any facts, suspicions, or allegations associated with the case with anyone other than the Executive Director, Chief Legal Counsel, and Internal Auditor.

B. Investigations will be performed under the direction of the Executive Director, Chief Legal Counsel, and Internal Auditor, any of whom will recuse themselves if there is a conflict of interest on their part.

1. Full cooperation with the investigation is required.
2. If the complaint is determined to have merit, the Executive Director, Chief Legal Counsel, and Internal Auditor, unless there is a conflict of interest on the part of any, will notify the Audit Committee and will keep the Committee apprised of the situation.
3. In order to avoid damaging the reputations of innocent persons initially suspected of wrongful conduct, the results of the investigation will be

disclosed or discussed only with those persons who require this knowledge in the proper performance of their office or function.

VI. Response

A. As necessary, guidance may be sought to facilitate appropriate documentation of the facts. If it is determined that the complaint is factual and fraud has been committed, the Executive Director, Chief Legal Counsel, and Internal Auditor, unless there is a conflict of interest on the part of any, will confer with the Audit Committee in order to effectuate a resolution. Topics for a possible resolution may include:

   1. Appropriate personnel action.
   2. Protection of innocent persons, including the complainant and anyone wrongly accused of committing fraud.
   3. Appropriate civil or criminal actions.
   4. Documentation and submission of claims against the insurers.
   5. Preservation of the integrity of any criminal investigation and prosecution.
   6. Avoidance of any unnecessary litigation.

Following a fraudulent event, the relevant internal controls will be thoroughly evaluated, and any appropriate changes will be made.