

At retirement, members must select one of the following benefit payment options. For Group II (Police and Fire) members, there may be other death benefits payable to beneficiaries. Different provisions apply to pre-retirement death benefits (benefits available to eligible beneficiaries of members whose death occurs while in service.)

Optional Allowances

Non-Survivorship Options

When a retiree begins collecting a pension, the monthly benefit is credited against the retiree's accumulated contributions to the retirement system. Under the following two options, which provide a larger monthly pension benefit, a retiree's beneficiary(ies) are entitled only to the remainder, if any, of the retiree's accumulated contributions at the time of death.

Maximum Retirement Allowance

The maximum pension payable to a retiree until death. Upon the retiree's death, the designated beneficiary(ies) will receive a lump sum payment of the amount, if any, equal to the retiree's accumulated contributions at the time of retirement minus all annuity payments received by the retiree.

Option 1

A reduced pension payable to a retiree until death. Upon the retiree's death, the designated beneficiary(ies) will receive a lump sum payment of the amount, if any, equal to the retiree's accumulated contributions at the time of retirement minus all member annuity payments received by the retiree. With this option, the retiree is taking a reduced benefit for the sole purpose of stretching out the dispersal of their accumulated contributions.

Survivorship Options

At retirement, a member may select a reduced pension under a Survivorship Option to provide a lifetime pension to a beneficiary(ies). Under a Survivorship Option, a member may designate any one person as sole beneficiary. Multiple beneficiaries under a Survivorship Option can only include a member's children and spouse. The amount of the reduction in the member's retirement pension will depend on the option selected, the member's age at the time of retirement, and the age of each primary beneficiary.

Option 2 – 100% Survivorship

A reduced pension payable until the death of a retiree with 100% of the retiree's reduced pension payable thereafter to the retiree's primary beneficiary(ies) for life.

Option 3 – 50% Survivorship

A reduced pension payable until the death of a retiree with 50% of the retiree's reduced pension payable thereafter to the retiree's primary beneficiary(ies) for life.

Option 4(A) – 100% Survivorship “pop-up”

Similar to Option 2; however, if the beneficiary predeceases the retiree, the retiree's pension will increase (“pop up”) to the Maximum Retirement Allowance that the retiree would have received without the election of a Survivorship Option.

Option 4(B) – 50% Survivorship “pop-up”

Similar to Option 3; however, if the beneficiary predeceases the retiree, the retiree's pension will increase (“pop up”) to the Maximum Retirement Allowance that the retiree would have received without the election of a Survivorship Option.

Option 4(C)

A reduced pension payable until the death of the retiree, then a customized percentage (other than 50% or 100%) or a flat amount of the pension paid to the retiree's designated beneficiary(ies). This option is subject to approval by the NHRS Board of Trustees.

Distribution Percentages

Members must specify a distribution percentage for each beneficiary on the retirement application. A distribution percentage represents the portion of the retiree's pension which would be payable to each beneficiary. The total combined percentages must equal 100%.

Additional Death Benefits

Group II Automatic Spousal Allowance

Upon the death of a Group II (Police and Fire) retiree, the qualified surviving spouse of such retiree will be eligible for a lifetime pension, equal to 50% of the retiree's pension, under the following conditions:

- The Group II member retired under Service or Disability Retirement.
- The retiree was married to the surviving spouse on the effective date of retirement.

Note: The Group II Automatic Spousal Allowance terminates when the surviving spouse dies or remarries.

Group II Lump Sum Death Benefit

The following death benefit is payable to the designated beneficiary(ies) of Group II (Police and Fire) retirees,

based on the following eligibility requirements:

- If a member retired from Group II before July 1, 1988, the retired Group II member's beneficiary(ies) will receive a \$3,600 lump sum death benefit.
- If a member became an active Group II member on or before June 30, 1988 and retired on or after July 1, 1988 the retired Group II member's designated beneficiary(ies) will receive a \$10,000 lump sum death benefit.
- If a member became an active Group II member on or after July 1, 1988 but on or before July 1, 1993, the retired Group II member's designated beneficiary(ies) will receive a \$3,600 lump sum death benefit.
- If a member became an active Group II member after July 1, 1993, no lump sum death benefit will be payable.

Maximum Benefit Limitations

Any pension payable to the member or beneficiary(ies) is subject to the limitations set forth in RSA 100-A:13-b and Sections 415 and 401(a)(9) of the Internal Revenue Code of 1986 (the "Code"), as amended, and related Treasury regulations. The beneficiary(ies) cannot receive a pension of more than 100% of the member's reduced retirement pension. The Code may limit the pension payable to the non-spouse beneficiary(ies) who is more than ten years younger than the member. The exact percentage varies according to the age of the member and the age(s) of the beneficiary(ies).

Beneficiary Designations

Member's Estate or Trust

Members may designate an estate or a trust as a primary or contingent beneficiary only if they choose the Maximum Retirement Allowance or Option 1. If a trust is designated as a beneficiary, the member must also complete a Death Benefits Designation of a Trust as Beneficiary form, acknowledging an understanding and satisfaction of all the terms, conditions, and requirements applicable to designating a trust as beneficiary. Only a lump-sum payment may be made to an estate or trust.

Single Primary Beneficiary

One person, an estate, or a trust designated by a member to receive 100% of any NHRS death benefit and/or refund of the retiree's accumulated contributions that may be payable upon the retiree's death.

Multiple Primary Beneficiaries

More than one person, which may include an estate or a trust, designated by a member to each receive a percentage of any NHRS death benefit and/or refund of the retiree's accumulated contributions that may be payable upon the retiree's death.

Contingent Beneficiary(ies)

The person(s), estate, or trust eligible for any NHRS death benefit and/or refund of the retiree's accumulated contributions if all primary beneficiary(ies) are deceased at the time of the retiree's death.

Changing Beneficiary Designations

Retirees may change their primary beneficiary designation under the Maximum Retirement Allowance or Option 1 at any time.

Retirees who elect a Survivorship Option may change their option selection or primary beneficiary designation in writing within 120 days after their effective date of retirement. Any changes submitted after the 120-day grace period will not be accepted, other than the following exceptions outlined in state law:

- If a retiree's spouse who is designated as a primary beneficiary dies and the retiree remarries; in this case, the retiree can select the new spouse as primary beneficiary and have the monthly benefit amount recalculated.
- A retiree who designates a spouse as primary beneficiary under a Survivorship Option and later becomes divorced may cancel the option if the former spouse remarries or if the final divorce decree or final settlement agreement mandates that the former spouse renounce his or her right to the pension benefit and the former spouse has not or will not complete a renunciation form voluntarily. Upon cancellation of the Survivorship Option the retiree will begin receiving the Maximum Retirement Allowance.
- A retiree who designates a spouse as primary beneficiary under a Survivorship Option and later becomes divorced and subsequently remarries may select the new spouse as primary beneficiary under a Survivorship Option and have the monthly benefit amount recalculated, provided that the final divorce decree or final settlement agreement mandates that the former spouse renounce his or her right to the pension benefit.
- If a retiree has a single designated beneficiary who is a living, non-spouse, the retiree may cancel the option. Upon cancellation the retiree will begin receiving the Maximum Retirement Allowance and cannot designate a Survivorship Option to another beneficiary. Note: A "non-spouse" is an individual with whom the retiree has never had a marital relationship; i.e. a former spouse cannot be removed as a beneficiary except under the circumstances outlined in the second and third bullets.

Retirees may change their contingent beneficiary(ies) at any time. Designated beneficiaries can voluntarily renounce the Survivorship Option at any time and the retiree's benefit will pop up to the Maximum Retirement Allowance.

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