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NHRS Frequently Asked Questions Concerning One-time Payment to Eligible NHRS Retirees

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Below are answers to some frequently asked questions concerning Sections 344-345 of House Bill 2 (HB 2), which grants a one-time additional payment of \$500 in Fiscal Year 2024 to eligible retired members of the New Hampshire Retirement System (NHRS, the retirement system) and beneficiaries receiving a monthly benefit.

NHRS recognizes that there may be questions not addressed in this FAQ. Retirees with additional questions may contact the retirement system at info@nhrs.org or (603) 410-3500, Press 2.

GENERAL QUESTIONS

Who gets the \$500 payment?

HB 2 (Chapter 79, Laws of 2023) grants the additional payment to retired members – or their beneficiaries receiving a monthly survivor benefit – who meet all three criteria below:

- The member's retirement date is on or before July 1, 2018;
- The member retired with at least 20 years of creditable service;
- The annual retirement benefit paid to the member or beneficiary as of June 30, 2023, is not greater than \$40,000.

When will I receive this one-time additional payment?

The law requires the payment be issued no later than June 30, 2024. NHRS expects to issue this payment no earlier than March 2024. This is due to the retirement system's transition to new pension administration software this fall/winter and the additional programming associated with this payment.

Will the additional payment be added to one of my monthly benefit payments?

No. The additional payment will be issued as a separate, stand-alone payment.

If the retiree has set up electronic direct deposit for his or her monthly benefit, the additional payment will be issued electronically. If the retiree receives his or her monthly benefit by paper check, the additional payment check will be mailed.

Will taxes be withheld from the \$500 additional payment?

Taxes will be withheld at a 10 percent rate for retirees who have taxes withheld from their regular monthly benefit.

Retirees who have elected to have no withholding taken from their monthly benefit will not have taxes withheld from the additional payment.

Will I get another \$500 payment next year?

This is a one-time additional payment to be paid in Fiscal Year 2024. Additional legislation would need to be enacted to provide future additional allowances or cost-of-living adjustments.

What is the full text of House Bill 2, sections 344-345?

344 Retirement System; Additional Allowance; Appropriation.

I. An additional one-time allowance of \$500 shall be paid during state fiscal year 2024 to retired members of the retirement system receiving an allowance, or any beneficiary of such a member who is receiving a survivorship pension benefit, who are eligible as follows:

(a) The member retired with at least 20 years of creditable service;

(b) The member retired and has been receiving an allowance for at least 5 years prior to or on July 1, 2023.

(c) The annual retirement allowance of the member on June 30, 2023 is not greater than \$40,000.

II. The additional allowance shall not become a permanent addition to the member's base retirement allowance.

III. The total cost of the additional allowances, as determined by the actuary and certified by the board of trustees of the retirement system, shall be funded from the state general fund in the fiscal year ending June 30, 2023. The sum necessary is hereby appropriated to board of trustees. The governor is authorized to draw a warrant for said sum out of any money in the treasury not otherwise appropriated.

345 Effective Date. Section 344 of this act shall take effect June 30, 2023.

ELIGIBILITY QUESTIONS

How will NHRS determine whether my annual retirement benefit on June 30, 2023, is not greater than \$40,000?

NHRS will take the gross benefit amount paid in June 2023 and multiply it by 12 to determine the annual benefit for the purposes of eligibility for the additional payment. The gross amount is the benefit payment before any deductions are taken out.

Will eligible spouses of deceased Group II members who are receiving a Group II Automatic Spousal Allowance receive the \$500 payment?

Yes, if all three criteria listed above are met.

Will eligible spouses of deceased Group II members who are receiving a Group II Automatic Spousal Allowance and a survivorship option receive two \$500 payments?

Yes, if each benefit meets all three criteria listed above.

What happens if an eligible retiree passes away before the \$500 payment is issued?

If the eligible retiree chose to leave a survivorship pension benefit to a beneficiary, the payment will be issued to the beneficiary.

I meet all of the above criteria as a retiree and am also receiving a survivorship benefit that meets all of the above criteria. Will I receive a \$500 payment for each benefit?

Yes.

I purchased service time. Does the time I purchased count toward the 20 years of service required to be eligible for the \$500 payment?

Yes.

I contributed into the “Additional Contributions” program. Does this add to my years of service?

No.

My gross retirement benefit was \$40,000 or less when I first retired, but subsequently increased due to previous cost-of-living adjustments (COLAs). Are these COLA increases included when determining whether my annual retirement allowance on June 30, 2023, is \$40,000 or less?

Yes. The law provides for eligibility based on the annual retirement allowance of the member on June 30, 2023. A COLA increases the retirement benefit payable to a retiree and will be considered in determining whether the retiree benefit is \$40,000 or less. Note: Other one-time payments made to eligible retirees and beneficiaries in recent years are not counted when NHRS determines a retiree’s annual retirement benefit on June 30, 2023.

I have a “split benefit” with service in Group I and Group II. Are my Group I and Group II benefits counted as two separate retirement benefits?

No. Eligibility for the additional payment is based on the total retirement benefit paid to a split benefit annuitant.

I am paying a portion of my monthly retirement benefit to an ex-spouse due to a court-ordered divorce decree. Is the portion of my pension being paid to my ex-spouse counted when determining whether my annual retirement benefit on June 30, 2023, is \$40,000 or less?

Yes.

I meet all of the above criteria and am receiving a second monthly benefit from my participation in the “Additional Contributions” program. Will I receive a second payment based on my Additional Contributions benefit?

No. HB 2 refers only to the “retirement allowance.”

Note: The amount you receive as an Additional Contributions annuity is not counted when NHRS determines a retiree’s annual retirement benefit on June 30, 2023.

I am receiving the Medical Subsidy. Does this amount count when determining whether my annual retirement benefit on June 30, 2023, is not greater than \$40,000?

No.

I retired 5 years prior to July 1, 2018, and later returned to service as an active member before re-retiring. Will I get this additional payment?

No. The most recent retirement date will be recognized.

I retired after July 1, 2018. Do I get the \$500 payment?

No.

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