NHRS
New Hampshire Retirement System

I'm Vested…Now What?

The New Hampshire Retirement System (NHRS, the retirement system) has prepared this FAQ to show members what benefits they may now qualify for as a vested member and why being vested is such a milestone for them in their path to retirement. The retirement system has also created a voiceover presentation discussing these benefits and more. To view this presentation and many others, visit the NHRS website at: https://www.nhrs.org/education

Retirement Terms

Membership
NHRS is made up of active members contributing to the retirement system, inactive members who have kept their accumulated contributions with NHRS but are no longer contributing, and retirees and beneficiaries collecting a pension.

Retirement
This is not the same as "termination" or the last day of employment. In order to begin collecting a lifetime pension, members must file a retirement application with NHRS and meet certain deadlines.

Normal Service Retirement Age
Group I (Employee and Teacher)
- Age 60, if member commenced NHRS service prior to July 1, 2011
- Age 65, if member commenced NHRS service on or after July 1, 2011

Group II (Police and Fire)
The first to occur of:
- Attainment of age 60, regardless of years of creditable service; or
- If member commenced NHRS service prior to July 1, 2011, and is in vested status prior to January 1, 2012, the latter of age 45 or the date the member completes or would have completed at least 20 years of creditable service; or
- If member commenced NHRS service prior to July 1, 2011, and is not in vested status prior to January 1, 2012, the attainment of both the minimum age and minimum service requirements based on service prior to July 1, 2011. For more information, visit the NHRS website at: https://www.nhrs.org/members/benefits
- If member commenced NHRS service on or after July 1, 2011, the latter of age 52.5 or the date the member completes or would have completed at least 25 years of creditable service.

Accumulated Contributions
The total amount a member has paid into the retirement system plus credited interest. Employer contributions are not included.

In Service
Members will be considered in service if both the member and employer are actively contributing to NHRS and the member is earning Creditable Service. Members may also be considered in service for certain benefits if employment is suspended as a result of the Family Medical Leave Act, workers' compensation, or active military duty.

What is vesting?
Once vested, a member has guaranteed their right to a future pension. You may become vested for an NHRS pension in one of two ways:

1) You have at least 10 years of creditable service, or
2) You are working in an NHRS-covered position at or beyond normal service retirement age (See Retirement Terms), regardless of your years of creditable service.

I know NHRS is a retirement plan but what else is there to know?
NHRS is a public employee defined benefit plan providing retirement, disability, and death benefits to eligible members and their beneficiaries. Eligible members can receive a lifetime pension at retirement. The benefit is calculated based on service time and average salary using formulas outlined in state law. NHRS provides four types of retirement: Service, Vested Deferred, Early, and Disability.

What is Vested Deferred Retirement?
Even if your active NHRS membership ends prior to eligibility for Service Retirement, you may be entitled to a Vested Deferred Retirement pension from NHRS in the future under the following conditions:

1) You have a minimum of 10 years of Creditable Service when you terminate active membership; AND
2) You do not withdraw your accumulated contributions from NHRS. (A member's accumulated contributions are equal to the sum of all mandatory NHRS contributions deducted from their compensation, any additional contributions and any contributions made by the member for purchases of service credit, plus credited interest.)

What happens if I become disabled?
Job-related disability benefits are available to active members regardless of their years of service. However, members with 10 years of creditable service also qualify for non-job-related disability benefits. Members may qualify if:

1) The disability is likely to be permanent;
2) The application for disability retirement is filed within one year of the date the member's contributions to NHRS cease; and
3) The Disability Retirement application is approved by the NHRS Board of Trustees.

What happens if I die while I am still working?
If a member dies while in service the member's designated beneficiary may be eligible to receive a death benefit. Members with 10 years of creditable service also qualify for non-job-related death benefits. Death benefits vary depending on whether the death was job-related or not. Members must be in service to qualify.

Note: Regardless of whether or not your beneficiary is eligible for a death benefit, the beneficiary will receive a refund of your accumulated contributions, which consist of your own contributions plus credited interest.

Are there any other things I may be eligible for now that I am vested?
Members with 10 years of creditable service may purchase up to three years of prior active duty military service, or prior NH National Guard or Reserve service. For more information, visit the NHRS website at: https://www.nhrs.org/members/plan-details/service-credit

And what if I leave public employment?
You can leave your contributions with NHRS. If you are vested and do not withdraw your funds, you can apply for a pension when you meet eligibility requirements. Your contributions will continue to earn interest at the member interest rate in effect.

You can withdraw your contributions plus interest once you have left public employment. However, you will pay taxes on the withdrawn funds and you will terminate your NHRS membership and forfeit any right to a lifetime pension.

Another option would be to roll over your contributions and interest into another qualified plan. With a rollover there will be no penalties or tax consequences. This option will also terminate your membership and you will forfeit any right to a lifetime pension.

What if I leave my current employer for another NHRS employer?
Nothing changes if you go to another NHRS employer. You still make contributions and continue to add to your service. If vested, you will remain eligible for a lifetime benefit at retirement and death and disability benefits stay intact.

Now that I am vested, will I receive the employer's contributions?
If a member chooses a lump sum withdrawal instead of collecting a monthly pension, they receive their accumulated contributions, which are their contributions plus credited interest. Employer contributions are only used to fund a retiree's pension payments.

Can I take a loan from my contributions while I am working?
No, loans are not allowed.

What is the interest rate for NHRS?
The annual interest rate on member accumulated contributions is set at 2 percentage points less than either the most recent Board of Trustees' approved assumed rate of investment return – currently 7.25 percent – or the actual rate of return for the preceding fiscal year, whichever is lower; the law also states that the rate shall not be less than zero.

Can I put extra monies into the pension plan?
Members who applied for the Additional Contributions program prior to December 31, 2004, and whose applications were subsequently approved by NHRS, may make additional contributions to NHRS separate from their regular, mandatory contributions, for the purpose of funding an additional annuity with after-tax funds. For more information, visit the NHRS website at: https://www.nhrs.org/members/plan-details/additional-contributions

Why does my member statement look different?
If you are vested, you will see an estimate of your Service Retirement pension, based on your estimated pension earned as of 6/30 of the current year, referred to as the "accrued benefit." You will also see a "projected benefit," based on your current salary and the assumption that you will continue to earn NHRS service credit until Service Retirement age.

Note to teachers: Your estimated benefit may be impacted if you are or have ever been paid over 12 months, or if you have worked under both 10- and 12-month contracts over the course of your career. If you have questions about your estimate, contact NHRS at 603-410-3677.

How often can I update my beneficiary?
Before retirement you can update your beneficiary at any time. Make sure your beneficiary is up-to-date if you experience any major life change including: marriage, divorce, children, or death.

To change your beneficiary designation, please complete the online "Designation of Death Beneficiary(ies) Pre-retirement" form through *My Account* at: https://wms.nhrs.org/NHRSMemberServices/pgwebmember.exe. Or download the "Designation of Death Beneficiary(ies) Pre-retirement" form at: https://www.nhrs.org/members/forms, complete the form, and send it to NHRS at 54 Regional Drive, Concord, NH 03301.

So…will my pension cover my retirement?
NHRS benefits are not intended to be your sole source of income. While almost all employees and teachers also participate in Social Security, all members should explore additional ways to save for retirement, including employer-sponsored supplemental retirement savings plans.

Note: Police officers and firefighters do not participate in Social Security.

How can I learn more about my NHRS benefits and stay up to date on news about the retirement system?
1. Visit our website at www.nhrs.org
2. Receive news updates and information with NHRS Email Updates (https://www.nhrs.org/sign-up)
3. Attend a live member presentation (https://www.nhrs.org/education)
4. Sign up for *My Account*, our online member portal (https://www.nhrs.org/my-account)
5. Connect with us on social media (https://www.nhrs.org/retirees/nhrs-on-social-media)

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