



This publication provides general information about Service Retirement benefits offered through the New Hampshire Retirement System (NHRS). Its purpose is to assist Group I (Employee and Teacher) members and Group II (Police and Fire) members who are preparing to apply for Service Retirement benefits

Members are encouraged to carefully review this publication and any other information received from NHRS. Members may contact NHRS with any questions.

## **APPLYING FOR A BENEFIT**

### **1. How does a member apply for a pension?**

A member must complete an "Application for Service Retirement" and file it with NHRS.

Members may apply for Service Retirement electronically through the retirement system's online member portal, *My Account*. To access your *My Account*, visit the NHRS website at: <https://www.nhrs.org/my-account>

To obtain a paper application, members may visit the NHRS website at <https://www.nhrs.org/members/forms> or contact NHRS to request an application by mail.

Members may also schedule a personal appointment with an NHRS Benefits Specialist by calling the NHRS office at 603-410-3500.

### **2. When must an application be filed?**

As stated in the law, an application must be filed no more than 90 days or fewer than 30 days before the intended effective date of retirement. The effective date of retirement is, always, the first day of the month following termination of NHRS-covered employment. A member must file the application with NHRS while still an actively contributing member.

### **3. Does a member need to visit the NHRS office?**

No. A member may submit the retirement application to NHRS during the filing period by mail or electronically (please refer to questions #4 and #5). All members are encouraged to attend an education session prior to retirement to learn more about NHRS benefits. Spouses are encouraged to attend the session, as well. Please visit [www.nhrs.org](http://www.nhrs.org) to learn more about education sessions.

### **4. How does an employer learn that a member has filed for Service Retirement benefits?**

It is the member's responsibility to notify the employer of retirement plans.

### **5. What if a member files an application after NHRS-covered employment has been terminated?**

The member will not be eligible for Service Retirement. The member may be eligible for Vested Deferred Retirement. Visit [www.nhrs.org](http://www.nhrs.org) or contact a Benefits Specialist for more information.

### **6. Is a member required to terminate NHRS-covered employment?**

Yes. A member must terminate employment from an NHRS-covered position prior to the effective date of retirement.

### **7. Is the retirement application the only form that must be completed?**

No. The following additional documentation is required to apply for a Service Retirement:

- A copy of the member's Social Security card (or an IRS Form W-9)
- A copy of the member's Birth Certificate
- A copy of the beneficiary(ies)' Birth Certificate if Survivorship Option 2, 3, or 4 is selected
- A copy of a marriage certificate (Group II members only)
- An IRS Form W-4P Federal Withholding Certificate
- A notarized Mandatory
- Acknowledgment/Certification form

- An Electronic Direct Deposit (EDD) form  
Payment Options for Additional Contributions (if applicable)
- Health Insurance Pre-Application (state employees only)

#### **8. Where may complete application materials be sent?**

Paper application materials can be sent to:  
New Hampshire Retirement System  
Attention: Member Benefits Team  
54 Regional Drive  
Concord, NH 03301-8507

If applying for retirement electronically, additional documentation can be uploaded and submitted with the application through *My Account* or mailed.

#### **9. How may a member withdraw an application after materials have been submitted?**

Before the effective date of retirement, contact NHRS in writing to amend the retirement date or to withdraw the application.

### **PENSION PAYMENTS**

#### **10. Is all Earnable Compensation paid by the NHRS-covered employer to the member used in the calculation of average final compensation (average of member's highest-paid years of Earnable Compensation)?**

The member must be paid all Earnable Compensation no later than 120 days after termination of employment from an NHRS covered position for it to be included in the benefit calculation. (There may be an exception in unusual circumstances when it is established that the delay in payment was through no fault of the member.)

#### **11. Will all monthly pension payments be the same amount as the first pension payment received?**

No. The amount of a member's final earnings and total service credit will likely not be available to NHRS when the first payment is made. Therefore, the amount of the first three or four pension payments will be based on the financial information available to NHRS at the time of retirement. This is referred to as a "preliminary benefit." After all of the financial information is available, a member's benefit will be recalculated and finalized ("finalized benefit"). If the finalized benefit is more or less than the preliminary benefit, then a retroactive adjustment will be made to the pension benefits which were previously received.

#### **12. Could the pension amount change?**

A member may experience an increase in the pension amount if cost-of-living adjustments (COLAs) are granted by the New Hampshire Legislature.

Group I members will experience a reduction in the pension at age 65. The reduction is based on the formula contained in the law which is used to calculate a Group I pension from age 65 and thereafter.

#### **13. When will the first pension payment be received?**

The first pension payment will be issued the last business day of the month of the effective date of retirement. If a complete and accurate Electronic Direct Deposit (EDD) form is received by the 15th of the month, direct deposit will be effective for benefit payments issued at the end of that month.

#### **14. May pension checks be deposited directly to the bank?**

NHRS encourages the use of electronic direct deposit (EDD). With EDD, funds are electronically transferred to the member's financial institution on the last business day of the month. EDD is not yet available for banks outside of the United States.

#### **15. What if a pension check is lost in the mail?**

Although most retirees choose the convenience of electronic direct deposit, checks may be mailed. If a pension check is not received by the second Tuesday of the month, the member should contact NHRS by calling (603) 410-3500.

#### **16. If the member moves or changes banks, who should be notified?**

The member must notify NHRS, in writing, if a mailing address, bank name, or bank address changes at least one month prior to the date the change is desired. An NHRS representative will mail the appropriate paperwork to correct the address. Otherwise, NHRS may not be able to process pension payments in a timely manner.

## HEALTH INSURANCE

### 17. Will health insurance coverage continue after retirement?

Political subdivision employers are required by law to offer retiring employees continued health insurance coverage at the group rate. However, depending upon the employer, the member may be required to pay all or part of the health insurance premium. Contact the employer for specific details.

State employees should contact the Department of Administrative Services, Division of Personnel at (603) 271-1432, to determine eligibility for health insurance after retirement.

## BENEFICIARY INFORMATION/OPTIONAL ALLOWANCES

### 18. What is an allowance?

A retirement pension.

### 19. Who is a beneficiary?

Anyone who receives a benefit from NHRS.

### 20. May a lifetime pension be provided to someone else after a retiree's death?

Yes. After a retiree's death, if a *Survivorship Option* was elected, a lifetime pension may be provided to another party. (A reduction is usually taken when a *Survivorship Option* is elected.) A retiree may elect or change an option up to 120 days after the effective date of retirement.

Upon the death of a retired Group II (Police or Fire) member, current law provides that an automatic pension of up to 50% shall be paid, until death or remarriage, to the surviving spouse, under the following conditions:

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

### 21. May more than one beneficiary be named?

Yes. More than one beneficiary may be named (multiple beneficiaries) under the Maximum Retirement Allowance or Option 1.

Multiple beneficiaries under Survivorship Option 2, 3, 4(A), 4(B), or 4(C) are restricted to naming a spouse and/or any number of children as primary beneficiaries.

### 22. If multiple beneficiaries are named, what portion of the allowance will each beneficiary receive?

On the "Application for Service Retirement," a distribution percentage for each beneficiary must be indicated. A distribution percentage represents the portion of the allowance which may be payable to each beneficiary. The total combined percentages must equal 100%.

### 23. May a retiree change an option selection after the effective retirement date?

Retirees may change their option selection 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 and cannot designate a Survivorship Option to another beneficiary.
- 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 previous bullet.

#### **24. May a retiree change a beneficiary after the effective date of retirement?**

If a member retires under the Maximum Retirement Allowance or Option 1, a beneficiary change may occur at any time. If a retiree selects Survivorship Option 2, 3, 4(A), 4(B), or 4(C), a beneficiary change may only occur within 120 days after the effective date of retirement. NHRS must be notified of the change in writing. An exception may be granted to the 120-day requirement when a spouse dies and the retiree remarries.

Retirees may change their contingent beneficiary(ies) at any time.

Designated beneficiaries can renounce the Survivorship Option at any time and the retiree's benefit will pop up to the Maximum Retirement Allowance.

#### **25. Are there any maximum benefit limitations on amounts paid to beneficiary(ies)?**

Any allowance payable to a beneficiary, including a Group II death benefit, is subject to the limitations set forth in RSA 100-A:13-b and Internal Revenue Code Section 401(a)(9). The total allowance payable to beneficiary(ies) is limited to 100% of an allowance.

Section 401(a)(9) of the Internal Revenue Code limits the survivorship allowance payable to a non-spouse beneficiary who is more than ten years younger than the member. The limit is 52% to 96% of an allowance. The exact percentage will vary according to the retiree's age and the age of the beneficiary(ies).

### **TAXATION**

#### **26. What are "Accumulated Contributions"?**

The sum of the member's pre-tax contributions, after-tax contributions, and interest credited.

#### **27. Is the pension taxable?**

In most cases, the retirement allowance will be taxable by the Federal government; however, if after-tax contributions were made, a portion of the pension will remain tax-free each year until recovery of the Investment in Contract.

An "Investment in Contract" consists of any after-tax contributions paid to NHRS; that is, those contributions that have already been taxed for federal income tax purposes.

#### **28. How is the tax-free portion of each monthly pension payment computed?**

The Investment in Contract is divided by the total number of anticipated monthly pension payments based on age (and beneficiary's age, if a Survivorship Option is elected) as of the date a pension begins. The tax-free portion of each monthly pension payment remains unchanged until the retiree has fully recovered the Investment in Contract, at which time the pension is fully taxable. See IRS Publication 575 for more information.

#### **29. Can Federal taxes be withheld from a pension?**

Yes. A Form W-4P Federal Withholding Certificate must be completed at retirement. Any questions regarding taxation should be directed to a tax consultant or the IRS.

#### **30. How can the tax withholding status be changed?**

By filing a new W-4P Federal Withholding Certificate with NHRS.

### **RE-EMPLOYMENT AFTER RETIREMENT**

#### **31. Is a retiree permitted to work while collecting a benefit?**

Retirees may work for a non-NHRS employer and collect a pension. Retirees may not occupy a full-time NHRS-covered position and concurrently receive a pension.

Retirees may work part-time for an NHRS-participating employer. For more information, visit the retirement system website at: <https://www.nhrs.org/faqs/faq-part-time-employment>

Retirees in receipt of a Disability Retirement may be subject to gainful occupation limits.

The New Hampshire Retirement System (NHRS) is governed by New Hampshire RSA 100-A, the rules and regulations promulgated by the NHRS Board of Trustees, 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 in this publication. This publication 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 this publication and the laws, rules and regulations which govern NHRS, the laws, rules and regulations shall prevail.