

NHRS

New Hampshire Retirement System
A Component Unit Of The State Of New Hampshire

Comprehensive Annual
Financial Report
For The Fiscal Year Ended
June 30, 2014

NEW HAMPSHIRE RETIREMENT SYSTEM

INTRODUCTORY SECTION

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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

A Component Unit of the State of New Hampshire

Prepared by
New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301-8507
www.nhrs.org

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**LETTER FROM
THE CHAIR**



December 9, 2014

To the Members and Beneficiaries of the New Hampshire Retirement System:

On behalf of the Board of Trustees of the New Hampshire Retirement System (NHRS, the retirement system), I am pleased to present NHRS' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This report describes the financial conditions of both the Pension Plan and the Other Post Employment Benefit (OPEB) Plans. There are four OPEB plans, which provide a post-employment medical subsidy benefit to qualified Group I and Group II members. The report also describes various changes that occurred during Fiscal Year 2014, as well as some of the challenges and opportunities that lie ahead.

The Board of Trustees has the responsibility to ensure that members' and beneficiaries' interests are properly safeguarded over the long term.

The Board sets investment policy, including asset allocation, and selects investment consultants to advise the Independent Investment Committee (IIC). The IIC continuously works with consultants and staff to review and change, as appropriate, strategies, external asset managers, and selection of specific investments. NHRS realized a 17.6% return on investments in the fiscal year ended June 30, 2014. It is important to note that these investment returns are for a single year, and need to be considered within the context of the portfolio's performance over time as compared to the "target" or assumed rate of return of 7.75%.

The three-year, five-year, 10-year, and 20-year returns for the period ended June 30, 2014, were 10.7%, 13.5%, 7.5%, and 8.7%, respectively. The relative performance of our investment team has been strong. Compared to its peers in the Public Defined Benefit Net Universe, which represents 182 plans totaling more than \$303 billion in assets, NHRS performed better than 85% of its peers over the one-, five- and, 10-year periods and better than 90% its peers over the three-year period.

In addition to the information on investments contained in this report, more detailed information on NHRS-specific investment activities and current economic and market climate is provided in the Comprehensive Annual Investment Report for Fiscal Year 2014, issued separately by the Independent Investment Committee.

At the close of the fiscal year, the retirement system's net position held in trust was \$7.414 billion, an increase of more than \$900 million over the prior fiscal year, which stood at \$6.428 billion.

At June 30, 2014, the funded ratio of the Pension Plan stood at 60.7% and the OPEB Plans at 3.0%, versus 56.7% and 3.0% in the previous year, respectively. Funding status is measured by comparing the actuarial value of assets to the cost of accrued benefits owed now and in the future. The increase in the funded ratio from FY 2013 to FY 2014 was larger than anticipated – and unlikely to be replicated – primarily due to the fact that a significant investment loss from FY 2009 dropped off the five-year smoothing of assets and was replaced by a significant investment gain in FY 2014. In addition, lower-than-expected growth of covered payroll reduced projected future liabilities.

In recent years, a number of legislative and policy changes have put NHRS on a path to financial health, including a 30-year amortization of the retirement system's unfunded actuarial accrued liability (UAAL). The current NHRS Actuarial Valuation projects a funded ratio for NHRS of 65.3% in 2020 and 79.1% in 2030.

Because the OPEB plans are closed to new members and are essentially funded on a pay-as-you-go basis, they do not, for the most part, have substantial assets set aside for future funding and benefits are paid from annual employer contributions. The reason this financing method is the most appropriate approach is that OPEB benefits will decline over time.



*Richard A. Gustafson, PhD
Chair
Board of Trustees*

In addition to actuarial funding progress data noted above, this year's CAFR includes new financial accounting information required under Governmental Accounting Standards Board (GASB) statement No. 67, which deals with financial reporting for pension plans. It is worth emphasizing that GASB 67 reporting is for accounting purposes only and does not impact employer contribution rates or the statutory funding plan in place to pay down the NHRS unfunded liability. Additional information on GASB reporting can be found in the financial section of this report.

We were pleased to welcome three new Trustees to the board this year: Commissioner of Treasury Bill Dwyer, public member Maureen Kelliher and teacher member Tonya Angwin. The Board expresses its thanks to former Trustees Catherine Provencher, Karen McDonough, and Guy Scaife, all of whom left the board in 2014.

Through a number of recent and ongoing managerial initiatives, NHRS has continued to strengthen its operations, performance, and member services. Recent efforts to improve efficiency included restructuring the retiree services operation, automating the processing of insurance rate changes, and upgrading our employer reporting system. Management and staff are engaged in a comprehensive process improvement project which is delivering both improved levels of services to our members and reduced costs.

These and other initiatives reflect a proactive approach to a number of significant challenges and opportunities faced by NHRS, including managing implementation of the outcomes of pending litigation pertaining to legislative enactments that modified member benefits and contributions. The Board has focused on working closely with the Legislature to identify opportunities to improve administration of RSA 100-A, resulting in several statutory revisions which were adopted in the last legislative session. It has also been working closely with employers to comply with new Governmental Accounting Standards Board (GASB) reporting requirements.

We are pleased with the ongoing, meaningful progress that has been made toward improving operational efficiencies, delivering timely and professional services and implementing the necessary changes to support the sustainability and stability of NHRS. The Board and staff are committed to meeting these challenges for the benefit of the retirement system's members and beneficiaries.

Sincerely,



Richard A. Gustafson, PhD
Chair of the Board of Trustees
New Hampshire Retirement System

**BOARD OF
TRUSTEES**

BOARD OF TRUSTEES



Richard A. Gustafson, PhD
Chair, Public Member
August 2011 to August 2015



J. David McCrillis
Public Member
August 2012 to July 2016



Maureen Kelliher
Public Member
June 2014 to July 2015



Hershel D. Sosnoff
Public Member
November 2011 to November 2015



Donald M. Roy, Jr.
Employer Member
July 2011 to July 2015



John T. Beardmore
Employer Member
December 2012 to July 2015



John G. Wozmak
Employer Member
July 2011 to July 2015



Germano Martins
Employee Member
May 2013 to July 2016



Tonya J. Angwin
Teacher Member
October 2014 to July 2016



George A. Walker
Firefighter Member
July 2012 to July 2016



Dean Crombie
Police Officer Member
April 2003 to July 2016



William Dwyer
Commissioner of the Treasury
March 2014 ex officio

Vacant
Employer Member

**INDEPENDENT
INVESTMENT COMMITTEE**

INDEPENDENT MEMBERS



Senator Harold Janeway, Chair
January 2009–November 2010
December 2010–Present



David A. Jensen
January 2009–December 2010
December 2011–Present



Patrick O'Donnell
May 2009–December 2010
July 2011–Present

TRUSTEE MEMBERS



Maureen Kelliher
June 2014–Present



Hershel Sosnoff
January 2012–Present



Lawrence A. Johansen
Director of Investments

**CERTIFICATE OF
ACHIEVEMENT**



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

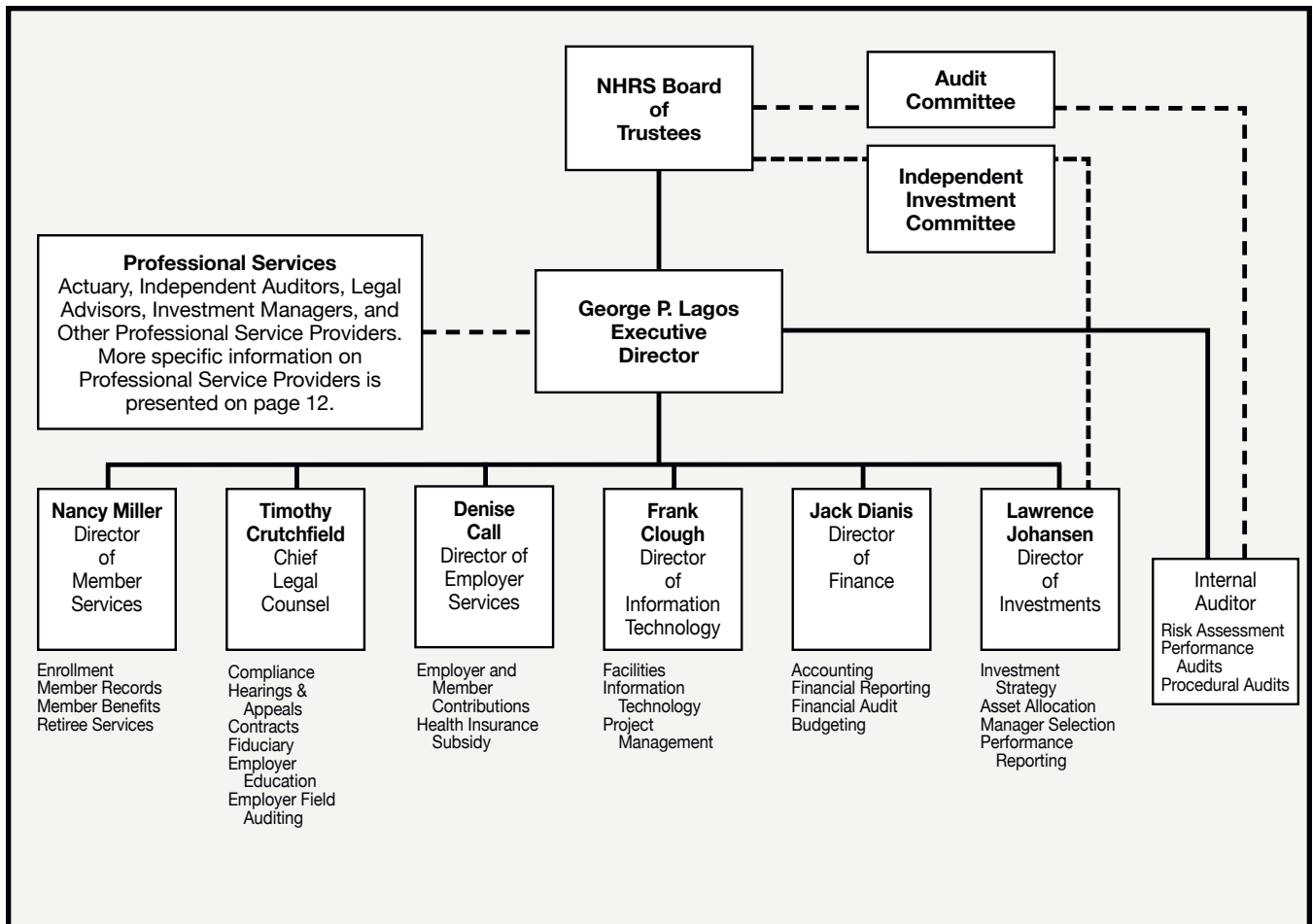
**New Hampshire
Retirement System**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

ADMINISTRATIVE ORGANIZATION



NHRS MANAGEMENT TEAM



Seated left to right: Nina Calkins, George P. Lagos, John Browne, Shannan Hudgins. Standing left to right: Denise Call, Kathy DeNutte, Frank Clough, Tracey Horner, Nancy Miller, Lawrence A. Johansen, Cecile Merrill, Marty Karlon, Timothy J. Crutchfield, Rosamond Cain, Jack Dianis, Heather Fritzky. Absent when photo was taken: Mark Cavanaugh, Tamre McCrea.

**PROFESSIONAL MANAGERS, ADVISORS
AND SERVICE PROVIDERS**

**DOMESTIC EQUITY
MANAGERS**

AllianceBernstein L.P.
Blackrock Institutional Trust
Company, N.A.
Boston Trust & Investment
Management Company
Institutional Capital LLC
LSV Asset Management
Segall, Bryant and Hamill
Thompson, Siegel & Walmsley
LLC
Wellington Management
Company, LLP

NON-U.S. EQUITY MANAGERS

Aberdeen Asset Management
Inc.
Batterymarch Financial
Management, Inc.
Fisher Investments
Grantham, Mayo, Van Otterloo &
Co. LLC
Neuberger Berman
Thornburg Investment
Management, Inc.
Walter Scott & Partners Limited
Wellington Trust Company, N.A.

**FIXED
INCOME MANAGERS**

Brandywine Global Investment
Management, LLC
Income Research &
Management
Loomis Sayles &
Company, L.P.
Pacific Investment Management
Company, LLC

PRIVATE EQUITY MANAGERS

APA Excelsior IV & V, L.P.
APAX Excelsior VI, L.P.
Avenue Special Situations Fund
VI(A), L.P.
Coller International Partners VI,
L.P.
Dover Street VIII, L.P.
Edgewater Growth Capital
Partners III, L.P.
Euclid SR Partners, L.P.
Gramercy Distressed
Opportunity Fund II
Industry Ventures Fund VI, L.P.
Industry Ventures Secondary
Fund VII
Industry Ventures Partnership
Holdings Fund III
Ironwood Mezzanine Fund III,
L.P.
Lexington Capital Partners VII,
L.P.
MatlinPatterson Global
Opportunities II, L.P.
Monroe Capital Senior Secured
Direct Loan Fund
Paul Capital Partners X, L.P.
Pine Brook Capital Partners II
RFE Investment Partners
VIII, L.P.
Siguler Guff Distressed
Opportunities Fund IV(T), L.P.
SL Capital Partners European
Smaller Funds I, L.P.
Standard Life Investment (GARS)
Tennenbaum Opportunities,
Fund VI, LLC
VSS Communications Partners
IV, L.P.

**ABSOLUTE RETURN
MANAGERS**

Arden Asset Management, LLC

REAL ESTATE MANAGERS

Hart Advisers, Inc.
LaSalle Investment Management
The Townsend Group

TRANSITION MANAGERS

State Street Bank and Trust
Company

INDEPENDENT AUDITORS

KPMG LLP

INVESTMENT ADVISOR

NEPC, LLC

ACTUARIAL CONSULTANT

Gabriel, Roeder, Smith &
Company

LEGAL ADVISORS

Foster Pepper PLLC
Getman, Stacey, Schulthess
& Steere, P.A.
Groom Law Group
Peter T. Foley, Esquire
Sulloway & Hollis PLLC

CUSTODIANS

Citizens Bank-NH
(In-state Custodian)
BNY Mellon
(Master Custodian)

**CORPORATE GOVERNANCE
SERVICES**

Institutional Shareholder
Services, Inc.

TRADING COST ADVISOR

Abel/Noser Corporation



December 9, 2014

Dear Chair and Members of the Board of Trustees:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the New Hampshire Retirement System (NHRS) for the fiscal year ended June 30, 2014. This comprehensive report is designed to comply with the provisions of the Revised Statutes Annotated (RSA) 100-A:15, VI of the State of New Hampshire.

The management at NHRS is responsible for the complete and fair presentation of financial information and the accompanying disclosures in this report. This report fairly presents the combined assessment of the investment results and the financial condition of the Pension Plan and the Post-Employment Medical Plans.

The Pension Plan 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. The Pension Plan provides service retirement, disability retirement, and survivor benefits for all full-time state employees, public school teachers and administrators, permanent police officers, and permanent firefighters. Full-time employees of political subdivisions (such as county, municipal or school district employees) are also eligible to become members if the local governing body elects participation. At the close of the fiscal year, there were 48,307 active members and 31,054 retirees or beneficiaries.

The Pension Plan is a qualified governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code and has a separately appointed governing body. Based on financial reporting guidelines, the Pension Plan is deemed to be a single pension plan. In addition, NHRS administers four post-employment medical plans (OPEB Plans) for qualified Group I and Group II members.

BUDGET CONTROLS AND NHRS ADMINISTRATION

The administrative budget for fiscal year 2014 was proposed by management, approved by the Board of Trustees, submitted under the budget preparation guidelines of the State of New Hampshire, and passed into law by the New Hampshire Legislature. For financial reporting purposes, NHRS is considered a component unit of the State of New Hampshire.

NHRS is administered by a 13-member board of trustees, which includes the State Treasurer as an *ex officio* member, one employee member, one teacher member, one firefighter member, one police officer member, four public nonmembers, and four employer representatives. The Board of Trustees sets the investment policy, formulates administrative policies, and authorizes benefit payments to members and their beneficiaries. The NHRS Independent Investment Committee is responsible for investing in accordance with policies established by the Board; selecting investment managers, agents, and custodial banks; reviewing performance; and making recommendations to the Board regarding investment consultants, asset allocation, and other investment policy matters. Administrative functions are directed by the Executive Director and are carried out by the administrative staff.

ACCOUNTING SYSTEM AND INTERNAL CONTROL

The CAFR has been prepared in conformity with U.S. generally accepted accounting principles (GAAP). The financial statements are prepared on the accrual basis of accounting. Contributions are recognized as revenue in the period when they become due pursuant to statutory requirements. Investment income is recognized as it is earned. Benefits, refunds, and investment expenses are recognized when they become due and payable. Net appreciation (depreciation) in the fair value of investments is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the financial statements. Trade commissions and related transaction costs are netted against the fair value of investments. Capital assets are recognized in the financial statements in accordance with NHRS's established capital asset policy.



*George P. Lagos
Executive
Director*

The management at NHRS is responsible for maintaining a system of internal controls which is designed to provide reasonable assurance that the assets are adequately safeguarded and the financial reports and financial statements are fairly stated. There is not an expectation from management that the internal controls will prevent or detect all errors and fraud. A control system, no matter how well designed and operated, can provide reasonable, not absolute, assurance that the objectives of the control system are met. The concept of reasonable assurance recognizes that: (1) The cost of a control should not exceed the benefits likely to be derived; and (2) The evaluation of costs and benefits requires estimates and judgments by management. Management believes its internal control structure meets these objectives.

FINANCIAL PERFORMANCE

For the fiscal year ended June 30, 2014, plan net position increased \$986.1 million to \$7,414.1 million compared to a \$653.7 million net position increase for the prior year. As noted below, strong investment returns of 17.6% in fiscal year 2014 contributed to a welcome improvement in the retirement system’s funded ratio. While the economy is showing slow but incremental signs of improvement, the retirement system still has significant financial challenges ahead of it. A detailed discussion of investment performance, the sources of additions and deductions, and results of operations is covered in the Management’s Discussion and Analysis beginning on page 21.

FUNDING STATUS

In order to ensure that current and future retirement benefits are safeguarded and available to members at retirement, NHRS evaluates the actuarial value of the Plans’ assets compared to the actuarial value of the Plans’ liabilities as an indication of the extent to which the Plans are funded each year. This measure is called the plan funded ratio. Significant legislation was enacted in the 2008 and 2011 legislative sessions aimed at improving the funded ratios of the Plans, some of which remain the subject of pending litigation (See Note 9, Page 48).

The Pension Plan funded ratio at June 30, 2014, based on the June 30, 2014, interim actuarial valuation was 60.7%. The comparable funded ratio at June 30, 2013, based on the June 30, 2013, actuarial valuation was 56.7%. The increase in the funded ratio was largely attributable to the elimination of investment losses in 2009 from the calculation of the actuarial values of assets, together with investment returns of 17.6% in FY 14. In addition, lower-than-expected growth of covered payroll reduced projected future liabilities. While the smoothing of investment returns helps to reduce the volatility in the rates that the retirement system charges employers year to year, it also means that the full effect of recent investment gains will not be recognized completely for several more years.

The funded ratios of the four OPEB Plans as of June 30, 2014, and June 30, 2013, are as follows:

	June 30 2014	June 30 2013
Group I Political Subdivision Employees OPEB Plan	34.8%	34.5%
Group I State Employees OPEB Plan	0.4%	0.1%
Group I Teachers OPEB Plan	(4.7%)	(4.2%)
Group II Police Officers and Firefighters OPEB Plan	2.8%	2.6%

A comprehensive analysis of funding progress for the Plans is provided in the Required Supplementary Information beginning on page 49.

NET PENSION LIABILITY

In FY14, the retirement system implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans* (GASB 67). GASB 67 requires disclosures of total pension liability, fiduciary net position, net pension liability, and annual money-weighted rate of return on plan investments, among other disclosures. The new disclosures related to GASB 67 can be found in the financial section of this report.

The total pension liability is the accrued liability for benefits owed now and in the future based on the Entry Age Normal funding method. The fiduciary net position is the market value of plan net assets. The net pension liability is the total pension liability, less the amount of the pension plan’s fiduciary net position. These disclosures are accounting measurements, not actuarial measurements of the funded status of the plan, and are not used to develop employer contribution rates.

NHRS adopted an actuarial funding policy in FY 2014 which defines the actuarial method and assumptions used to determine the employer contribution rates necessary to fund the plan. For more details on NHRS’ actuarial funding policy, go to www.nhrs.org.

INVESTMENTS

RSA 100-A:15 grants the New Hampshire Retirement System Board of Trustees the authority to adopt the investment policy for NHRS. Effective January 1, 2009, an Independent Investment Committee was established by statute granting the authority to invest and reinvest NHRS funds in accordance with the investment policy adopted by the Board of Trustees. Prior to January 1, 2009, the Board of Trustees had the authority to invest and reinvest NHRS funds.

The Independent Investment Committee consists of not more than five members, three of whom are not members of the Board of Trustees and up to two of whom are members of the Board of Trustees appointed by the chairperson of the Board of Trustees. The Trustees and Independent Investment Committee members are fiduciaries and discharge their duties solely in the interest of the Plans' participants and beneficiaries. In the management of the Plans' assets, the Board of Trustees and the Independent Investment Committee members must exercise the care, skill, and caution under the circumstances then prevailing that a prudent person acting in a like capacity would use in the conduct of an activity of like character and purpose.

The annualized total fund investment returns for the one-year, three-year, five-year, ten-year, and twenty year periods ended June 30, 2014, were 17.6%, 10.7%, 13.5%, 7.5%, and 8.7%, respectively. A discussion about comparative annualized returns and related benchmark indices for fiscal years 2014 and 2013 is presented in the Management's Discussion and Analysis beginning on page 21.

MAJOR INITIATIVES

NHRS faces many of the same issues common to other public employee retirement plans. As part of its proactive response to these challenges, the retirement system strives to create a culture of constant improvement. Some of the significant accomplishments during fiscal year 2014 were:

- Achieved investment performance for FY 2014 of 17.6% which placed NHRS in the top 15 percent (15%) of the peer universe of public pension plans.
- Initiated Phase II of the Process Improvement Project ("PIP"), which is focused on implementing opportunities for improvement identified and documented in Phase I.
- Successfully developed and coordinated a legislative agenda to address statutory ambiguities.
- Improved efficiency and reduced cost through putting vendor contracts for custodial banking, actuarial consulting and retiree payroll processing out to bid.
- Created and implemented an automated process to upload retiree insurance rate changes from multiple employers and insurance administrators, significantly reducing manual data entry, saving substantial time and reducing the opportunities for errors.
- Made several improvements to our employer reporting system (ERS) to make it easier for participating employers to submit their monthly payroll and contribution data. Many of the changes were based on an employer survey on how best to improve the ERS.
- Completed a direct deposit initiative to reduce the number of paper checks issued each month to retirees, resulting in a 30%-plus reduction in paper checks issued.
- Initiated a project to upgrade the retirement application process from a manual, paper-only process to an automated online process, thereby giving members more options.
- Initiated a survey program to assess stakeholder satisfaction with the level of service provided by the retirement system.
- Continued to maintain administrative and investment expenses at favorable levels as compared to peer pension plans.
- Received a favorable plan determination letter from the Internal Revenue Service, which confirmed that the terms and structure of the Pension Plan and Medical Subsidy benefit meet the requirements of the Internal Revenue Code.
- Earned the Certificate of Achievement for Excellence in Financial Reporting for both the Comprehensive Annual Financial Report (CAFR) and Summary CAFR for the seventh consecutive year.

- Implemented process for retiree reporting under House Bill 342 (2013), which requires employers to report information regarding all NHRS retirees on their payroll, including hours worked and compensation paid.

INDEPENDENT AUDIT

RSA 100-A:15 VI. (a) requires the Audit Committee of the Board of Trustees to engage the services of a qualified independent auditor to perform an annual audit each fiscal year. For fiscal year 2014, the Audit Committee designated KPMG LLP to conduct the annual audit. The independent auditors' report, audited financial statements, required supplementary information, and supporting schedules are included in the Financial Section of this report.

ACTUARIAL REVIEW AND VALUATION

An actuarial review, commonly called an experience study, of the mortality, service, withdrawals, and compensation experience of members is required by statute at least once during each five-year period. The last actuarial review was performed during fiscal year 2011 by NHRS current actuary, Gabriel, Roeder, Smith and Company and was based on the information available as of June 30, 2010. An actuarial valuation of the assets and liabilities is required by statute at least once during each two-year period. The most recent actuarial valuation was performed as of June 30, 2014, by Gabriel, Roeder, Smith and Company. The June 30, 2013, actuarial valuation was used to determine employer contribution rates for fiscal years 2016 and 2017. An interim valuation as of June 30, 2014, has been completed for the purpose of determining the actuarial information included in this report and to inform policy-making bodies during the coming year. The actuarial certification and supporting statistics are included in the Actuarial and Statistical Sections of this report.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The NHRS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013, was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition in the area of state and local governmental accounting and financial reporting, and attaining it represents a significant accomplishment by a government and its management. We are gratified that NHRS has received this award for 22 of the past 23 years. A copy of the fiscal year 2013 award is presented on page 10.

ACKNOWLEDGMENTS

The compilation of this report reflects the combined efforts of the NHRS administrative staff under the direction of the Board of Trustees. It is intended to provide extensive and reliable information as a basis for making management decisions, determining compliance with legal provisions, and for determining responsible stewardship for the investment and accounting for assets of plan participants. We would like to take this opportunity to express our gratitude to the Board of Trustees for its guidance and support and to the administrative staff for their dedication and commitment to the mission, vision and values of the New Hampshire Retirement System. We would also like to note our appreciation for the professional and diligent work of the Independent Investment Committee whose efforts have generated superior returns in accordance with the Board's investment policy.

Respectfully submitted,

George P. Lagos


Executive Director

Jack W. Dianis


Director of Finance

NEW HAMPSHIRE RETIREMENT SYSTEM

FINANCIAL SECTION

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**INDEPENDENT AUDITORS’
REPORT**



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Boston, MA 02111

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Fax +1 617 507 8321
Internet www.us.kpmg.com

The Board of Trustees
New Hampshire Retirement System:

Report on the Financial Statements

We have audited the accompanying financial statements of the New Hampshire Retirement System (the System), a component unit of the State of New Hampshire, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the System’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2014, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2014 the System adopted Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this matter.

Independent Auditors' Report
December 9, 2014
Page 2

Other Matters

Prior-Year Comparative Information

We have previously audited the System's 2013 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated December 10, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 21-25; the schedules of changes in the employers' net pension liability and related ratios, employer contributions, investment returns — pension plan on pages 49-52; and the schedules of funding progress and employer contributions — OPEB plans on pages 53-54, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The schedules under Supporting Schedules in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

The introductory, investment, actuarial and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Independent Auditors' Report
December 9, 2014
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

KPMG LLP

December 9, 2014

KPMG LLP is a Delaware limited liability partnership,
the U.S. member firm of KPMG International Cooperative
("KPMG International"), a Swiss entity.

MANAGEMENT'S DISCUSSION AND ANALYSIS — REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

This section presents management's discussion and analysis of the New Hampshire Retirement System's (NHRS) financial performance during the fiscal year ended June 30, 2014 and is presented as a narrative overview and analysis in conjunction with the Letter of Transmittal included in the Introductory Section of the System's Comprehensive Annual Financial Report. The report presents the combined assessment of the financial performance of the Pension Plan and the OPEB Plans.

The discussion and analysis is intended to serve as an introduction to the basic financial statements. These statements include the Combining Statements of Fiduciary Net Position and Changes in Fiduciary Net Position, and the related Notes to the Financial Statements for the fiscal year ended June 30, 2014 with summarized comparable totals for fiscal year 2013. In addition, Required Supplementary Information is provided for the Pension plan and OPEB plans. The excess of assets over liabilities is reported as "Net Position Restricted for Pension and Other Post Employment Benefits (OPEB)."

FINANCIAL HIGHLIGHTS

Net position increased by \$986.1 million (15.3%) from the prior year's net position reflecting the improvement in the financial market.

Net investment income during fiscal year 2014 was \$1,098.0 million, a \$279.8 million (34.2%) increase over the prior fiscal year. The net investment income for fiscal year 2014 reflects a time-weighted return for the total fund during the year of 17.6% compared to a time-weighted investment return of 14.5% for the fiscal year ended June 30, 2013.

The total contributions received during the fiscal year were \$576.3 million. For fiscal year 2013, total contributions received were \$496.0 million.

Employer contributions for fiscal year 2014 increased to \$377.3 million (26.0%) compared with employer contributions in fiscal year 2013 of \$299.5 million. The increase in employer contributions in fiscal year 2014 was primarily due to higher contribution rates.

Member contributions were \$199.0 million in fiscal year 2014, an increase of (1.3%) over fiscal year 2013 member contributions of \$196.5 million. The increase in member contributions is primarily due to an increase in earnable compensation. Overall member normal contributions increased by \$3.1 million (1.6%) over the prior fiscal year. Voluntary member contributions decreased by \$0.5 million (-9.68%) over fiscal year 2013.

Benefits paid during fiscal year 2014 were \$653.3 million, an increase of 3.9% over the benefits paid in fiscal year 2013 of \$628.6 million. The increase in benefits paid in fiscal year 2014 is primarily due to an increase in the number of retirees and increased average benefit levels for those new retirees.

FINANCIAL ANALYSIS

The following schedules report the Condensed Net Position Information and the Condensed Changes in Net Position Information for the NHRS for the fiscal years ended June 30, 2014 and June 30, 2013.

Condensed Comparative Plan Net Position — Combined Plans

(Dollar Values Expressed in Millions)

	As of June 30, 2014	As of June 30, 2013	Amount Increase (Decrease)	Percentage Increase (Decrease)
Cash	\$ 9.9	\$ 7.7	\$ 2.2	28.6%
Receivables	109.6	364.5	(254.9)	(69.9%)
Investments	7,334.0	6,353.1	980.9	15.4%
Other Assets	0.2	0.3	(0.1)	(33.3%)
Total Assets	\$7,453.7	\$6,725.6	\$ 728.1	10.8%
Other Liabilities	39.6	297.6	(258.0)	(86.7%)
Total Liabilities	\$ 39.6	\$ 297.6	\$(258.0)	(86.7%)
Net Position Restricted for Pension and Other Post Employment Benefits	\$7,414.1	\$6,428.0	\$ 986.1	15.3%

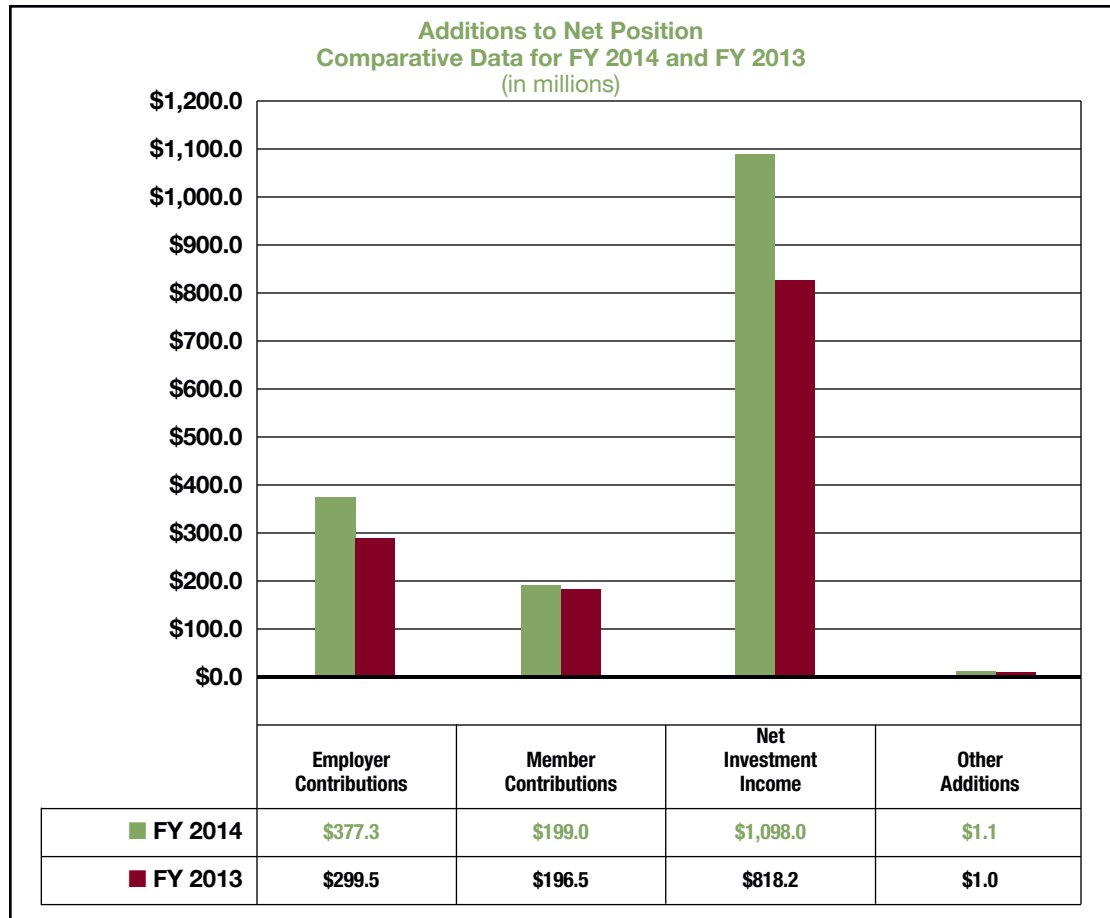
Total assets increased by \$728.1 million (10.8%) in fiscal year 2014. Cash on hand at fiscal year end was \$9.9 million (28.6%) higher than at fiscal year end 2013 reflecting slightly lower draw downs of liquidity reserves necessary to meet operating obligations. Receivables decreased by \$254.9 million (69.9%) over the prior fiscal year primarily due to a decrease in the pending sale of securities at fiscal year end. Investments increased by \$980.9 million (15.4%) in fiscal year 2014. The increase in investments is directly

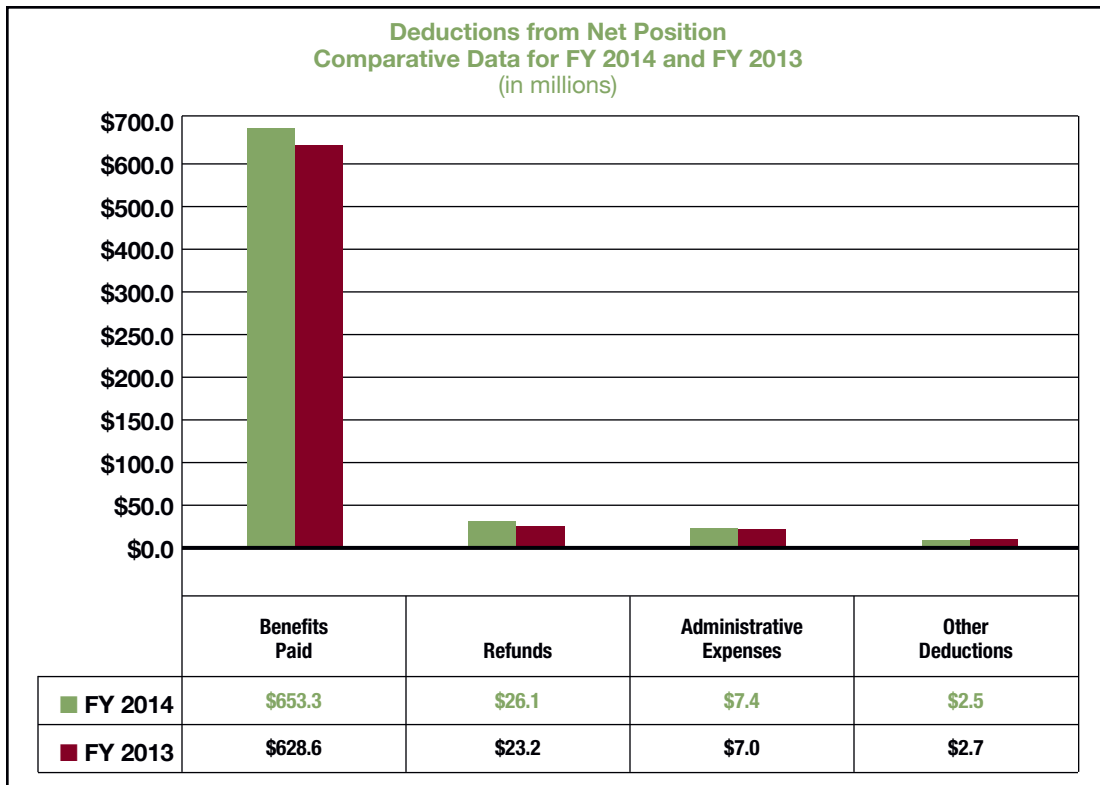
attributable to continued supportive global central bank policies. Other assets decreased by \$0.1 million (-33.3%) for fiscal year 2014 primarily due to some fixed assets being fully depreciated.

Total liabilities decreased by \$258.0 million (-86.7%) at the end of fiscal year 2014 primarily due to a decrease in the pending purchase of securities at fiscal year end.

Condensed Comparative Changes in Plan Net Position – Combined Plans
(Dollar Values Expressed in Millions)

	Year Ended June 30, 2014	Year Ended June 30, 2013	Amount Increase (Decrease)	Percentage Increase (Decrease)
ADDITIONS:				
Employer Contributions	\$ 377.3	\$ 299.5	\$ 77.8	26.0%
Member Contributions	199.0	196.5	2.5	1.3%
Net Investment Income	1,098.0	818.2	279.8	34.2%
Other Income	1.1	1.0	0.1	10.0%
Total Additions to Plan Net Position	\$1,675.4	\$1,315.2	\$360.2	27.4%
DEDUCTIONS:				
Benefits Paid	\$ 653.3	\$ 628.6	\$ 24.7	3.9%
Refunds of Contributions	26.1	23.2	2.9	12.5%
Administrative Expense	7.4	7.0	0.4	5.7%
Other Deductions	2.5	2.7	(0.2)	(7.4%)
Total Deductions From Plan Net Position	\$ 689.3	\$ 661.5	\$ 27.8	4.2%
Total Changes in Plan Net Position	\$ 986.1	\$ 653.7	\$332.4	50.8%





ADDITIONS TO NET POSITION

For fiscal year 2014, the combined total of employer and member contributions increased by \$80.3 million (16.2%). Employer contributions increased from \$299.5 million in fiscal year 2013 to \$377.3 million (26.0%) in fiscal year 2014. The increase in employer contributions is primarily due to higher contribution rates. Member contributions for fiscal year 2014 were \$199.0 million, an increase of \$2.5 million (1.3%) from fiscal year 2013. Member normal contributions increased \$3.1 million (1.6%) in fiscal year 2014 and voluntary member contributions decreased by \$0.6 million (–9.68%). The increase in other income is miscellaneous income received.

Over the long term, the Plan’s investment portfolio has been a major source for additions to plan net position. There was a net investment gain in fiscal year 2014 of \$1,098.0 million compared with a net investment gain in fiscal year 2013 of \$818.2 million. The net change from year-to-year was \$279.8 million (34.2%), a significant increase from fiscal year 2013. The change reflects improvement in the global markets.

DEDUCTIONS FROM NET POSITION

Total benefits paid in fiscal year 2014 were \$653.3 million, an increase of \$24.7 million (3.9%) over the fiscal year 2013 level of \$628.6 million. Pension benefits paid in fiscal year 2014 were \$599.5 million, an increase of \$26.0 million (4.5%) compared with the pension benefits paid in fiscal year 2013 of \$573.5 million. The increase in pension benefits paid in fiscal year 2014 is primarily due to an increase in the number of retirees and increased average benefit levels for those new retirees. OPEB benefits paid in fiscal year 2014 were \$53.8 million which was slightly lower than the benefits that were paid in 2013. The OPEB benefits that will be paid will continue to remain flat or go down over time since there is a very small population of active members that can still qualify for this benefit. Refunds of contributions were \$26.1 million, an increase of \$2.9 million (12.5%) over the 2013 level of \$23.2 million. The increase reflects an increase in the number and dollar value of refund requests from terminated members in 2014.

Administrative expenses increased by \$0.4 million (5.7%) in fiscal year 2014 to a level of \$7.4 million compared with \$7.0 million in 2013. Administrative expenses increased primarily due to increased compensation and positions being filled that were previously vacant.

At June 30, 2014 the total pension liability was \$11.1 billion. The Plan’s fiduciary net position was \$7.4 billion leaving a net pension liability of \$3.7 billion. The Plan fiduciary net position as a percentage of the total pension liability was 66.3%

Equity (62.0%), fixed income investments (20.1%), and cash equivalents (2.4%) comprise approximately 84.6% of invested assets at June 30, 2014. The remaining 15.4% of assets are invested in real estate (9.0%) and alternative investments (6.5%), which include private equity, private debt and absolute return strategies. These illiquid assets are expected to earn enhanced returns and manage risk through further diversification.

Investment performance results are measured by the relationship of the Plans' portfolio returns for equity and fixed income investments against widely-accepted market indices. For the fiscal year ended June 30, 2014, the Plans' total fund return was 17.6% compared to 14.5% for the fiscal year ended June 30, 2013. The difference in year-over-year performance was due to ongoing financial market recovery supported by the policies of global central banks.

The total NHRS fund performance of 17.6% for fiscal year 2014 underperformed the total fund custom index (a blended composition of major market indices in proportion to the NHRS' asset allocation), which returned 18.4%, by 80 basis points. Domestic Equity generated a return of 24.9%, underperforming the Russell 3000 Index return of 25.2% by 30 basis points. The non-U.S. equity portfolio returned 15.9% during fiscal year 2014, underperforming the MSCI ACWI (ex U.S.) benchmark return of 21.8% by 590 basis points. Fixed income returned 7.0% and outperformed the Barclays Capital Universal Bond Index benchmark return of 5.2% by 180 basis points. The real estate portfolio gained 12.7% and outperformed the NCREIF Property Index +0.50% benchmark return of 6.0% by 670 basis points. The alternative investment class provided a 12.7% return and underperformed the blended benchmark return of 30.7% by 1,800 basis points. The benchmark for this asset class is the S&P 500 +5.0% weighted to the allocation of private equity and private debt and the CPI +5.0% weighted to the allocation of absolute return strategies.

CONTACTING NHRS

The Comprehensive Annual Financial Report is designed to provide a general overview of NHRS investment results and financial condition of the Pension Plan and OPEB Plans for the year ended June 30, 2014. Detailed information regarding NHRS' investments as of June 30, 2014 can be found in the Comprehensive Annual Investment Report which is published by the Independent Investment Committee of the NHRS. Please contact the NHRS office at 603.410.3500 for additional financial information or for questions related to this report, or the Comprehensive Annual Investment Report. Additional information can also be obtained from the NHRS website at www.nhrs.org.

BASIC FINANCIAL STATEMENTS

COMBINING STATEMENTS OF FIDUCIARY NET POSITION PENSION PLAN AND OTHER POSTEMPLOYMENT MEDICAL PLANS (OPEB)

AS OF JUNE 30, 2014 (with summarized financial information as of June 30, 2013)

	PENSION PLAN 2014	GROUP II POLICE OFFICER & FIREFIGHTER OPEB PLAN 2014
ASSETS:		
Cash	\$ 9,878	\$ 9
Receivables:		
Due from Employers	42,262	—
Due from Group I Teacher OPEB Plan	—	3,226
Due from Plan Members	21,869	—
Due from Brokers for Securities Sold	11,922	12
Interest and Dividends	18,519	18
Other	2,490	2
Total Receivables	97,062	3,258
INVESTMENTS AT FAIR VALUE		
Cash and Cash Equivalents:	173,692	169
Equity Investments:		
Domestic	3,672,963	3,582
Non-U.S.	862,982	841
Fixed Income Investments:		
Domestic	1,155,059	1,127
Non-U.S.	317,276	309
Real Estate	655,137	639
Alternative Investments	473,468	462
TOTAL INVESTMENTS	7,310,577	7,129
Other Assets	238	—
TOTAL ASSETS	7,417,755	10,396
LIABILITIES:		
Management Fees and Other Payables	8,966	9
Due to Group I Political Subdivision OPEB Plan	—	—
Due to Group II Police & Fire OPEB Plan	—	—
Due to Brokers for Securities Purchased	18,161	18
TOTAL LIABILITIES	27,127	27
NET POSITION RESTRICTED FOR PENSION AND OTHER POST EMPLOYMENT BENEFITS (OPEB)	\$7,390,628	\$10,369

The accompanying notes are an integral part of the financial statements.

(in thousands)

GROUP I TEACHERS OPEB PLAN 2014	GROUP I POLITICAL SUBDIVISION OPEB PLAN 2014	GROUP I STATE EMPLOYEES OPEB PLAN 2014	TOTAL 2014	TOTAL 2013
\$ —	\$ 21	\$ —	\$ 9,908	\$ 7,698
—	—	—	42,262	34,309
—	9,180	—	12,406	10,882
—	—	—	21,869	22,058
—	26	1	11,961	275,684
—	40	1	18,578	17,578
—	5	—	2,497	3,957
—	9,251	2	109,573	364,468
—	378	9	174,248	104,849
—	7,986	180	3,684,711	2,997,583
—	1,877	42	865,742	1,022,969
—	2,511	57	1,158,754	1,110,369
—	690	15	318,290	324,539
—	1,425	32	657,233	572,555
—	1,030	23	474,983	220,283
—	15,897	358	7,333,961	6,353,147
—	1	—	239	306
—	25,170	360	7,453,681	6,725,619
—	19	—	8,994	8,557
9,180	—	—	9,180	8,053
3,226	—	—	3,226	2,829
—	39	1	18,219	278,171
12,406	58	1	39,619	297,610
(\$12,406)	\$25,112	\$ 359	\$7,414,062	\$6,428,009

**COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION PLAN AND OTHER POSTEMPLOYMENT MEDICAL PLANS (OPEB)**

FOR THE YEAR ENDED JUNE 30, 2014 (with summarized financial information for the year ended June 30, 2013)

	PENSION PLAN 2014	GROUP II POLICE OFFICER & FIREFIGHTER OPEB PLAN 2014
ADDITIONS:		
Contributions (NOTE 7):		
Employers	\$ 328,444	\$15,438
Plan Members	199,033	—
Total Contributions	527,477	15,438
Investment Income		
From Investment Activities:		
Net Appreciation in Fair Value of Investments	959,199	1,303
Interest	58,154	78
Dividends	90,499	123
Net Real Estate Income	7,735	11
Alternative Investment Income	1,416	2
Total Income from Investment Activities	1,117,003	1,517
Less: Investment Expenses:		
Investment Management Fees	22,261	30
Custodial Fees	769	1
Investment Advisor Fees	716	1
Investment Administrative Expense	671	1
Total Investment Expenses	24,417	33
Total Net Income from Investment Activities	1,092,586	1,484
Total Net Investment Income	1,092,586	1,484
Interest Income	—	273
Other	—	—
TOTAL ADDITIONS	1,620,063	17,195
DEDUCTIONS:		
Benefits Paid	599,476	15,980
Refunds of Contributions	26,120	—
Administrative Expense (NOTE 8)	7,377	10
Professional Fees	1,080	1
Interest Expense	—	—
Other	366	—
TOTAL DEDUCTIONS	634,419	15,991
CHANGE IN NET POSITION	\$ 985,644	\$ 1,204
NET POSITION RESTRICTED FOR PENSION BENEFITS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)		
Beginning of the Year	\$6,404,984	\$ 9,165
End of the Year	\$7,390,628	\$10,369

The accompanying notes are an integral part of the financial statements.

(in thousands)

GROUP I TEACHERS OPEB PLAN 2014	GROUP I POLITICAL SUBDIVISION OPEB PLAN 2014	GROUP I STATE EMPLOYEES OPEB PLAN 2014	TOTAL 2014	TOTAL 2013
\$23,277	\$ 2,010	\$8,156	\$ 377,325	\$ 299,547
—	—	—	199,033	196,489
23,277	2,010	8,156	576,358	496,036
—	3,396	26	963,924	687,702
—	206	2	58,440	64,877
—	320	3	90,945	82,601
—	27	—	7,773	5,015
—	5	—	1,423	—
—	3,954	31	1,122,505	840,195
—	79	1	22,371	19,918
—	3	—	773	777
—	3	—	720	719
—	2	—	674	620
—	87	1	24,538	22,034
—	3,867	30	1,097,967	818,161
—	3,867	30	1,097,967	818,161
—	778	—	1,051	933
—	—	—	—	111
23,277	6,655	8,186	1,675,376	1,315,241
23,750	6,154	7,927	653,287	628,615
—	—	—	26,120	23,191
—	26	—	7,413	7,037
—	4	—	1,085	977
1,051	—	—	1,051	933
—	1	—	367	822
24,801	6,185	7,927	689,323	661,575
(\$ 1,524)	\$ 470	\$ 259	\$ 986,053	\$ 653,666
(\$10,882)	\$24,642	\$ 100	\$6,428,009	\$5,774,343
(\$12,406)	\$25,112	\$ 359	\$7,414,062	\$6,428,009

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NOTE 1 — NEW HAMPSHIRE RETIREMENT SYSTEM

The New Hampshire Retirement System (NHRS) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan) and four separate cost-sharing multiple-employer postemployment medical subsidy healthcare plans. Collectively the Pension Plan and the postemployment medical subsidy healthcare plans are hereafter referred to as the Plans.

NHRS is administered by a 13-member Board of Trustees that includes one employee member, one teacher member, one firefighter member, one police officer member, four employer representatives, four public members, and the State Treasurer. Trustees are fiduciaries bound by law to act solely in the interest of the participants and beneficiaries of the pension plan.

All trustees — with the exception of the State Treasurer, who serves as an ex officio member — are nominated by the governor for two-year terms and must be confirmed by a vote of the Executive Council. Any newly appointed or reappointed trustee must have familiarity with or experience in finance or business management.

The New Hampshire State Employees' Association, the New Hampshire Education Association, the New Hampshire Police Association, and the New Hampshire State Permanent Firemen's Association each submit a list of five active members of the retirement system from which the governor chooses a nominee to represent each of the four member groups.

The New Hampshire Municipal Association, the New Hampshire School Boards Association, and the New Hampshire Association of Counties each put forth a name to the governor for nomination as an employer trustee. The Governor also identifies and nominates one person to represent management of state employees.

The governor identifies and nominates the public member trustees, all of whom must be qualified persons with investment and/or financial experience who are not members of the retirement system. The public trustees must also have substantial experience in the field of institutional investment or finance such as educational background, business experience, and/or professional licensure and designations.

The governor is responsible to designate one of the public trustees to serve as chair of the board.

Although the assets of the Plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the plan's individual terms. Accordingly, the results of each plan are presented separately in the accompanying financial statements.

The administrative office of NHRS, which functions as a self-sustaining governmental entity, operates under a budget which is proposed by management, approved by the Board of Trustees, submitted under the budget preparation guidelines of the State of New Hampshire (State), and passed into law by the New Hampshire Legislature. NHRS participates as an employer in the Plans and its employees are members of the Plans.

In accordance with Governmental Accounting Standards Board (GASB) No. 14, as amended, the New Hampshire Retirement System is a component unit of the State. This determination was made on the basis of fiscal dependence on the State solely for budget oversight over certain administrative expenses. A copy of the State of New Hampshire's CAFR may be viewed at www.admin.state.nh.us/accounting/.

PENSION PLAN

The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The type and number of employers contributing to the Pension Plan during the years ended June 30, 2014 and 2013 are presented below.

For GASB 67 disclosure purposes all State entities contributing to the pension plan are considered one employer.

EMPLOYERS CONTRIBUTING	2014	2013
State Government	1	1
City Governments	13	13
Town Governments and Related Entities	243	243
County Governments and Related Entities	12	12
School Districts and School Administrative Units	202	202
Total Employers	471	471

As of June 30, 2014 and 2013 membership data related to the Pension Plan was as follows:

MEMBERSHIP DATA	2014	2013
Retired plan members (or their beneficiaries)		
currently receiving benefits	31,054	29,729
Inactive members entitled to but not yet receiving benefits	9,399	8,534
Active members	48,307	48,688
Total Membership	88,760	86,951

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police officers and firefighters belong to Group II. All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each membership group are summarized below.

Group I Members at age 60 qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest three years. Members commencing service on or after July 1, 2011 qualify for a normal service retirement allowance at age 65 based on years of creditable service and average final compensation for the highest five years. Members hired prior to July 1, 2011 with a non-vested status as of January 1, 2012 qualify for a normal service retirement allowance at age 60 based on years of creditable service and average final compensation for the highest five years. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. AFC is defined as the average of the three or five highest salary years, and for benefit calculation purposes only, the final year's compensation cannot exceed by more than 150% the higher of the previous year's compensation or the compensation for the highest year used in the calculation of AFC (not including the final year's compensation). At age 65, the yearly pension amount is re calculated at 1/66 or 1.515% of AFC multiplied by years of creditable service. Members in service with 10 or more years of creditable service who are between age 50 and 60 or members in service with at least 20 years of creditable service, whose age plus service is equal to or greater than 70, are entitled to a retirement allowance with the appropriate graduated reduction based on years of creditable service. Members commencing service on or after July 1, 2011 at age 60 with 30 years of creditable service are entitled to a retirement allowance with the appropriate graduated reduction based on years of creditable service.

Group II Members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have a non-vested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by ¼ of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Members are required to contribute a percentage of gross earnings to the Pension Plan as more fully described in Note 7. The percentage rates, established by state statute, are dependent upon member group classification. The deductions are made from member wages and are remitted by the employer to the Pension Plan on a monthly basis. If a member leaves employment prior to retirement or vesting, accumulated member contributions plus earned interest are refunded to the withdrawing member or to the designated beneficiary in the case of death. However, accumulated contributions plus interest of a non-vested, non-contributing member may remain in the Pension Plan and continue to earn interest. The interest credited to the inactive member's accumulated contributions will be 2 percentage points less than the assumed rate of return or the actual rate of return, whichever is less as reported in the preceding fiscal year's comprehensive annual financial report, but will not be less than zero.

Employers make monthly contributions to the Pension Plan based on rates determined by periodic actuarial valuations as more fully described in Note 7.

OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB)

Pursuant to RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b, the NHRS administers four defined benefit postemployment medical subsidy healthcare plans designated in statute by membership type. The four plans are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plans.

The OPEB Plans provide a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. Detailed descriptions of those eligibility requirements can be found in the Actuarial Section beginning on page 75.

Membership of each OPEB plan consisted of the following eligible retirees receiving benefits as of June 30, 2014:

Plan	Number Of Retirees	1 Person Plan		2 Person Plan	
		Pre 65	Post 65	Pre 65	Post 65
Group II Police Officer & Firefighters	2,635	566	1,340	693	36
Group I Teachers	4,371	368	3,527	149	327
Group I Political Subdivision Employees	1,313	82	1,170	24	37
Group I State Employees	1,924	104	1,699	54	67
Total OPEB Membership	10,243	1,120	7,736	920	467

The number of contributing employers for each of the OPEB plans at June 30, 2014 is:

Group II Police Officer & Firefighters	204
Group I Teachers	192
Group I Political Subdivision Employees	413
Group I State Employees	6

Membership of each OPEB plan consisted of the following eligible retirees receiving benefits as of June 30, 2013.

Plan	Number Of Retirees	1 Person Plan		2 Person Plan	
		Pre 65	Post 65	Pre 65	Post 65
Group II Police Officer & Firefighters	2,586	532	1,304	714	36
Group I Teachers	4,390	524	3,365	203	298
Group I Political Subdivision Employees	1,344	108	1,163	36	37
Group I State Employees	1,944	105	1,711	64	64
Total OPEB Membership	10,264	1,269	7,543	1,017	435

The number of contributing employers for each of the OPEB plans at June 30, 2013 is:

Group II Police Officer & Firefighters	203
Group I Teachers	191
Group I Political Subdivision Employees	411
Group I State Employees	6

The maximum monthly subsidy amounts paid during fiscal year 2014 and 2013 were as follows:

For qualified retirees not eligible for Medicare the amounts were \$375.56 for a single person plan and \$751.12 for a two person plan. For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single person plan and \$473.68 for a two person plan. The monthly maximum subsidy amount payable was increased by 8.0% on July 1, 2007. There have been no increases in the monthly maximum subsidy amounts payable since July 1, 2007.

Benefit provisions of the OPEB Plans can be amended only by legislative action taken by the New Hampshire State Legislature pursuant to the authority granted them under the New Hampshire State Constitution. The Legislature may cease providing the medical subsidy benefits under the OPEB Plans, for any reason, at any time.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

BASIS OF ACCOUNTING

The System's financial statements are prepared using the accrual basis of accounting. Both plan member and employer contributions are recognized in the period in which the contributions are legally due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

INVESTMENTS

Investments are reported at fair value.

Investments in both domestic and non-U.S. securities are valued at current market prices and expressed in U.S. dollars. NHRS uses a trade-date accounting basis for these investments.

Real estate includes both direct property holdings and commingled funds. Real estate properties are organized into separate holding companies for the purpose of limiting liability to the carrying value of each individual property. The appraised value of the real estate properties and the fair value of the related assumable mortgage notes payable are considered in determining the fair value of these investments. NHRS has adopted a cyclical approach for external appraisals. Properties are selected for external appraisals based on the advice of NHRS' discretionary real estate manager. Investment manager fair value estimates are used during the interim years. NHRS is eliminating its investment in direct property holdings and at June 30, 2014 only two holdings remain. Properties held for sale are reported net of disposition costs. The financial statements for commingled funds are typically audited as of the calendar year-end. The net asset values (NAVs) for real estate investments recorded in this report were obtained from financial statements provided by the direct property managers and the general partners of commingled funds. NAVs are used as a practical expedient to estimate fair value. Real estate commingled funds are selected by the System's discretionary real estate manager.

Alternative investments include investments in private equity, private debt and absolute return strategies. The NAVs for alternative investments recorded in this report were obtained from statements provided by the investment managers. These financial statements are typically audited as of the calendar year-end.

Cash and cash equivalents are valued at cost, which approximates fair value. Cash and cash equivalents primarily represent investments in the pooled short term investment fund managed by NHRS' master custodian. This fund invests mainly in high-grade money market instruments with maturities averaging less than three months. The fund provides daily liquidity.

The Plans hold no investments, either directly or indirectly, nor participate in any loans or leases, nor other party-in-interest transactions with any NHRS officials, New Hampshire State Government officials, or parties related to these officials.

MONEY WEIGHTED RATE OF RETURN

The annual money-weighted rate of return at June 30, 2014 was 17.6%. The return shows the investment performance net of fees and is adjusted for the timing of cash flows and the changing amounts actually invested.

NEW ACCOUNTING PRONOUNCEMENT

In fiscal year 2014, the System implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans — an Amendment of GASB Statement No. 25* (GASB 67). GASB 67 supersedes the requirements of GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*. For cost-sharing multiple-employer defined benefit pension plans, GASB 67 requires disclosures of total pension liability, fiduciary net position, net pension liability, and annual money-weighted rate of return on plan investments, among other disclosures. GASB 67 requires the net pension liability to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. GASB 67 also revises reporting requirements for required supplementary information to include, among other information, trend information regarding (1) components and sources of changes in the net pension liability, and related ratios; (2) actuarially and contractually determined contributions of employer contributing entities; and (3) the annual money-weighted rate of return on plan investments.

USE OF ESTIMATES

Management of the System has made a number of estimates and assumptions relating to the reporting of assets and liabilities and in the disclosure of contingencies to prepare these financial statements in conformity with U.S. generally accepted accounting principles. The System's most significant estimates relate to assumptions made about future events as part of the annual actuarial valuation process, and the valuation of alternative investments. Due to the inherent nature of these estimates, actual results could differ from those estimates.

NOTE 3 — INVESTMENTS AND DEPOSITS

RSA 100-A:15, I, provides separate and specific authorities to the Board of Trustees and the Independent Investment Committee for the management of the funds of the Plans and charges them with exercising the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence, acting in a like capacity and familiar with such matters, would use in the conduct of a pension plan of like character and with like aims of the Plans.

To aid in the prudent investment of the Plans’ assets, NHRS has adopted an Investment Manual which includes an investment policy. Primary components of the investment policy include the delineation of roles and responsibilities of the Board of Trustees, Independent Investment Committee, staff, and service providers; investment objectives; asset allocation policy; and asset class performance measurement and monitoring policy. This policy may be modified by the Board of Trustees as deemed necessary. In addition, the Investment Manual includes asset class guidelines which provide parameters for investment management.

Professional investment managers are bound by policy and contract to a standard of care that establishes a fiduciary relationship, to the extent permitted by law, requiring the manager to act prudently and solely in the best interest of the Plans and beneficiaries. Investment guidelines provide portfolio-level standards for separate account management including permissible investment types; security concentration thresholds; investment restrictions; and benchmarks for performance measurement and monitoring. NHRS utilizes a custodial bank compliance system to monitor the marketable investment portfolios against their respective guidelines.

The System’s asset allocation as of June 30, 2014 and 2013, as recommended by the Independent Investment Committee and adopted by the Board of Trustees, is as follows:

ASSET ALLOCATION	2014		2013	
	Target	Range	Target	Range
Asset Class:				
Large Cap Equities	22.5%		22.5%	
Small/Mid Cap Equities	7.5%		7.5%	
Total Domestic Equity	30.0%	20–50%	30.0%	20–50%
Int’l Equities (Unhedged)	13.0%		13.0%	
Emerging Int’l Equities	7.0%		7.0%	
Total Non-U.S. Equity	20.0%	15–25%	20.0%	15–25%
Core Bonds	18.0%		18.0%	
High-Yield Bonds	1.5%		1.5%	
Global Bonds (Unhedged)	5.0%		5.0%	
Emerging Market Debt (External)	0.5%		0.5%	
Total Fixed Income	25.0%	20–30%	25.0%	20–30%
Real Estate	10.0%		10.0%	
Private Equity	5.0%		5.0%	
Private Debt	5.0%		5.0%	
Opportunistic	5.0%		5.0%	
Total Alternative Investments	25.0%	0–20%	25.0%	0–20%
TOTAL	100.0%		100.0%	

CUSTODIAL CREDIT RISK – DEPOSITS

Custodial credit risk for deposits is the risk that in an event of a bank failure, deposits may not be recovered. NHRS does not have a deposit policy to manage custodial credit risk on deposits.

At June 30, 2014 and June 30, 2013, NHRS held deposits of \$9,908 thousand and \$7,698 thousand, respectively, in the local custodian bank. These deposits are fully insured or collateralized and are used to support the daily working capital needs of NHRS.

CUSTODIAL CREDIT RISK – INVESTMENTS

Investment securities are exposed to custodial credit risk if the investment securities are uninsured, are not registered in the name of the Plans, and are held by either:

- a. The counterparty to a transaction or
- b. The counterparty’s trust department or agent but not in the Plans’ name.

All of the System’s securities are held by the System’s bank in the System’s name.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributable to the magnitude of the Plans’ investments in a single issuer. NHRS policy is expressed through individual separate account manager guidelines which limit investments in a single issuer to 10%, or less, of the portfolio value in order to control the overall risk of loss on a total portfolio level. This threshold is set as an upper limit, and in actual practice, managers

generally do not reach this limit. Certain securities may be excluded from this limitation due to the nature of the investments (such as U.S. government securities, government-sponsored enterprise obligations, and supranational debt). NHRS fixed income managers have consistently adhered to the established guidelines for issuer concentration. The fixed income commingled fund manager has established investment guidelines regarding concentration of credit risk. The total portfolio is broadly-diversified across equities, fixed income, cash equivalent securities, real estate and alternative investments. Due to this diversification, the concentration of credit risk in a single issuer is below 5% at the total portfolio level.

INVESTMENT CONCENTRATION RISK

As of June 30, 2014 and 2013, the System did not hold investments in any one issuer that would represent 5% or more of fiduciary net position. Investments issued or explicitly guaranteed by the U.S. government are excluded from this regulation.

INTEREST RATE RISK – FIXED INCOME INVESTMENTS

Interest rate risk is the effect on the fair value of fixed income investments from changes in interest rates. Duration measures a debt investment’s change in fair value arising from a change in interest rates.

Interest rate risk is illustrated below using the effective duration or option-adjusted methodology. This methodology is widely-used in the management of fixed income portfolios to quantify the risk associated with interest rate changes. The effective duration methodology takes into account the most likely timing and magnitude of variable cash flows, such as callable options, prepayments and other factors, and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve.

The NHRS policy on duration is expressed through individual portfolio guidelines with each investment manager in lieu of a broad, plan-level policy. Duration guidelines have been established with each fixed income manager in order to manage interest rate risk within the separate account portfolios. The fixed income commingled fund manager also has established investment guidelines regarding duration. These provisions specify that the duration of each individual fixed income portfolio will be managed within a specified percentage or number of years relative to its benchmark index. NHRS fixed income managers follow the established guidelines for duration. If there is an occasional exception, the manager prudently remedies the guideline breach.

The following effective duration tables quantify the interest rate risk of the Plans’ fixed income assets at June 30, 2014 and 2013:

EFFECTIVE DURATION – FIXED INCOME INVESTMENTS (dollars in thousands)
AT JUNE 30, 2014

Investment Type	Fair Value June 30, 2014	Percentage of Fixed Income Investments	Effective Duration in Years	Weighted Average Effective Duration in Years
Collateralized/Asset Backed Obligations	\$ 110,545	7.4%	2.3	0.2
Corporate Bonds	433,691	29.4%	6.2	1.8
Government and Agency Bonds	547,762	37.1%	6.1	2.3
Pacific Investment Management Company Core Plus	385,046	26.1%	5.2	1.4
Totals	\$ 1,477,044	100.0%		5.7

EFFECTIVE DURATION – FIXED INCOME INVESTMENTS (dollars in thousands)
AT JUNE 30, 2013

Investment Type	Fair Value June 30, 2013	Percentage of Fixed Income Investments	Effective Duration in Years	Weighted Average Effective Duration in Years
Collateralized/Asset Backed Obligations	\$ 127,550	8.8%	2.8	0.2
Corporate Bonds	404,600	28.0%	5.3	1.5
Government and Agency Bonds	490,710*	34.0%	5.1	1.7
Pacific Investment Management Company Core Plus	421,868**	29.2%	5.1	1.4
Totals	\$1,444,728	100.0%		4.8

*Includes \$545 reported in cash and cash equivalents on Statement of Fiduciary Net Position.
**Includes \$9,470 reported in cash and cash equivalents on Statement of Fiduciary Net Position.

CREDIT RISK — FIXED INCOME SECURITIES

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

NHRS controls credit risk on debt securities by establishing requirements for average credit quality at the separate account portfolio level and through credit quality standards for individual securities. The NHRS policy on credit quality is expressed through individual portfolio guidelines with each investment manager in lieu of a broad, plan-level policy. The investment guidelines are customized to the individual manager's strategy. NHRS fixed income managers follow established guidelines for credit quality. If there is an occasional exception, the manager prudently remedies the guideline breach. NHRS applies standards with regard to securities rated by nationally recognized statistical rating organizations ("NRSRO") and uses the lowest agency ratings for evaluating the credit quality of a specific security. The fixed income commingled fund manager has established investment guidelines regarding concentration of credit risk.

The following schedules illustrate the Plans' fixed income investments as of June 30, 2014 and 2013, including the distribution of those investments by Standard & Poor's quality credit ratings:

CREDIT QUALITY RISK — FIXED INCOME SECURITIES AT JUNE 30, 2014 (in thousands)

Investment Type	Fair Value June 30, 2014	Quality Ratings ¹				
		AAA	AA	A	BBB or Lower	Unrated
Collateralized/Asset Backed Obligations	\$ 114,136	\$ 69,973	\$ 5,621	\$ 17,192	\$ 21,350	\$ —
Corporate Bonds	394,442	3,295	40,365	120,802	229,747	233
Government and Agency Bonds ²	315,809	58,841	71,825	82,029	92,049	11,065
Pacific Investment Management Company Core Plus ³	385,046	—	385,046	—	—	—
Totals	\$1,209,433	\$132,109	\$502,857	\$220,023	\$343,146	\$11,298
Percent of Total Fair Value		10.92%	41.58%	18.19%	28.37%	0.93%

¹Ratings were derived primarily from Standard & Poor's (S&P). In instances where S&P did not rate a security, the Moody's rating was used.

²Government and Agency Bonds exclude U.S. government securities and securities explicitly guaranteed by the U.S. government (\$231,953) because these securities are not considered to have credit risk.

³Average credit quality rating for the commingled fund was provided by Pacific Investment Management Company.

CREDIT QUALITY RISK — FIXED INCOME SECURITIES AT JUNE 30, 2013 (in thousands)

Investment Type	Fair Value June 30, 2013	Quality Ratings ¹				
		AAA	AA	A	BBB or Lower	Unrated
Collateralized/Asset Backed Obligations	\$ 107,468	\$ 64,709	\$ 5,693	\$ 14,556	\$ 4,953	\$17,557
Corporate Bonds	404,772	4,105	39,112	134,352	226,914	289
Government and Agency Bonds ²	281,300	73,707	77,646	68,681	61,266	—
Pacific Investment Management Company Core Plus ³	384,376	—	384,376	—	—	—
Totals	\$1,177,916	\$142,521	\$506,827	\$217,589	\$293,133	\$17,846
Percent of Total Fair Value		12.10%	43.03%	18.47%	24.89%	1.52%

¹Ratings were derived primarily from Standard & Poor's (S&P). In instances where S&P did not rate a security, the Moody's rating was used.

²Government and Agency Bonds exclude U.S. government securities and securities explicitly guaranteed by the U.S. government (\$229,492) because these securities are not considered to have credit risk.

³Average credit quality rating for the commingled fund was provided by Pacific Investment Management Company.

Investments in asset-backed and mortgage-backed securities are reported at fair value. Although not generally considered to be derivatives, asset-backed and mortgage-backed securities receive cash flows from interest and principal payments on the underlying assets and mortgages. As a result, they are exposed to prepayment risk. As of June 30, 2014 and 2013, the Plans' combined investment in asset-backed and mortgage-backed securities held in separate account portfolios totaled \$114.4 million and \$346.1 million, respectively.

FOREIGN CURRENCY RISK — INVESTMENTS:

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

NHRS manages its foreign currency risk primarily through its strategic asset allocation policy. As of June 30, 2014, investments in non-U.S. equity securities have a target asset allocation of 20% of total investments with a target range of 15–25%. As of June 30, 2014, non-U.S. fixed income securities represent

4.3% of the total fund as a result of the managers' security selection process. Non-U.S. investments are permitted in the alternative investment asset class, which includes private equity, private debt and absolute return strategy investments. The target allocation for alternative investments is 15% and the NHRS investment policy does not set limits for foreign investments in this asset class. The target allocation for real estate investments is 10%, and up to 35% of the Plans' real estate allocation may be invested in non-U.S. investments.

In addition, foreign currency risk is mitigated through the investment guidelines. NHRS manages its foreign exposure by requiring that separate account managers diversify their non-U.S. portfolios by country, sector and issuer to limit both foreign currency risk and security risk. Managers of commingled funds have discretion over their respective investment guidelines which must be consistent with strategies approved by the NHRS. In certain instances, where permitted in the investment guidelines, investment managers may also use foreign currency forward contracts to hedge against foreign currency risk.

The Plans' exposure to foreign currency risk at June 30, 2014 and 2013 is presented on the following schedules:

FOREIGN CURRENCY RISK – NON-U.S. INVESTMENTS (in thousands)
AS OF JUNE 30, 2014

Currency	Equity	Fixed Income	Real Estate & Alternative Investments	Cash and Cash Equivalents	Totals
Argentina peso	\$ —	\$ —	—	\$ 4	\$ 4
Australian dollar	17,843	41,735	—	—	59,578
Brazilian real	7,106	19,542	—	—	26,648
British pound sterling	168,099	18,803	7,638	66	194,606
Canadian dollar	23,549	24,987	—	—	48,536
Danish krone	30,856	—	—	—	30,856
Euro	258,387	42,992	4,146	35	305,560
Hong Kong dollar	95,724	—	3,724	—	99,448
Hungarian forint	—	12,286	—	—	12,286
Indonesian rupiah	5,262	11,447	—	—	16,709
Japanese yen	104,354	—	19,627	—	123,981
Malaysian ringgit	1,242	6,566	—	—	7,808
Mexican new peso	5,329	60,607	—	—	65,936
New turkish lira	3,503	4,499	—	—	8,002
New Zealand dollar	—	27,600	—	—	27,600
Norwegian krone	—	6,797	—	—	6,797
Polish zloty	—	14,489	—	—	14,489
Singapore dollar	4,493	—	1,079	—	5,572
South African rand	—	10,976	—	—	10,976
South Korean won	9,303	14,966	—	—	24,269
Swedish krona	18,835	—	372	—	19,207
Swiss franc	111,857	—	—	—	111,857
Thailand Baht	—	—	432	—	432
Total investments subject to foreign currency risk	\$ 865,742	\$ 318,292	\$ 37,018	\$ 105	\$ 1,221,157

FOREIGN CURRENCY RISK — NON-U.S. INVESTMENTS
AS OF JUNE 30, 2013

(in thousands)

Currency	Equity	Fixed Income	Real Estate & Alternative Investments	Cash and Cash Equivalents	Totals
Argentine peso	\$ —	\$ —	\$ —	\$ 5	\$ 5
Australian dollar	18,476	35,009	2,019	—	55,504
Brazilian real	16,353	8,208	—	—	24,561
British pound sterling	143,964	21,697	8,527	—	174,188
Canadian dollar	18,999	25,405	—	—	44,404
Danish krone	22,766	—	—	—	22,766
Euro	187,994	30,516	3,132	—	221,642
Hong Kong dollar	97,362	—	5,219	69	102,650
Hungarian forint	550	11,729	—	—	12,279
Indian rupee	10,214	—	—	224	10,438
Indonesian rupiah	7,461	1,211	—	—	8,672
Japanese yen	114,665	—	12,018	65	126,748
Malaysian ringgit	1,772	12,029	—	—	13,801
Mexican peso	17,431	34,399	—	—	51,830
New Zealand dollar	—	24,292	—	—	24,292
New Taiwan dollar	9,242	—	—	432	9,674
Norwegian krone	—	6,955	—	—	6,955
Polish zloty	1,585	12,359	—	—	13,944
Qatari rial	475	—	—	—	475
Singapore dollar	4,087	1,110	1,496	—	6,693
South African rand	6,216	9,145	—	—	15,361
South Korean won	32,013	13,671	—	4	45,688
Swedish krona	13,469	—	405	—	13,874
Swiss franc	81,829	—	—	—	81,829
Thai baht	2,521	—	415	—	2,936
Turkish lira	6,901	—	—	—	6,901
Total investments subject to foreign currency risk	\$ 816,345	\$ 247,735	\$ 32,231	\$ 799	\$ 1,098,110

DERIVATIVES

Derivative instruments are contracts whose values are based on the valuation of an underlying asset, reference rate or index. Derivatives include futures, options, forward contracts and forward foreign currency exchanges. NHRS managers may enter into certain derivative instruments primarily to enhance the efficiency and reduce the volatility of the portfolio. As of June 30, 2014, there was \$13.8 million invested in equity futures and there were no investments in options within the separate account portfolios. As of June 30, 2013, there was \$10.9 million invested in equity futures and there were no investments in options within the separate account portfolios. The NHRS investment policy and certain investment manager guidelines allow for the use of derivative instruments. The use of futures, options, or forward contracts is not permitted for any speculative hedging or leveraging of the portfolios and is prohibited in separate account mandates. Managers of commingled funds have discretion over their respective investment guidelines which may allow for the use of derivative instruments.

The Plans could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. To mitigate this risk, investment managers conduct assessments of their counterparties and utilize exchanges which have trading standards.

NHRS managers may use futures, options, and foreign currency exchange contracts in order to manage currency risk or initiate transactions in non-U.S. investments. NHRS may be positively or negatively impacted by foreign currency risk due to fluctuations in the value of different currencies. The Plans could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. To mitigate this risk, investment managers conduct assessments of their counterparties and utilize exchanges which have trading standards. The fair value of open foreign currency exchange contracts including unrealized appreciation or depreciation is recorded on the Statements of Net Plan Assets as Due from Brokers for Securities Sold and as Due to Brokers for Securities Purchased.

Foreign currency exchange contracts open at June 30, 2014 and 2013 are shown below and on the following page:

OPEN FOREIGN CURRENCY EXCHANGE CONTRACTS							(in thousands)	
AT JUNE 30, 2014								
	Local Currency Amount	Effective Date	Maturity Date	Original Foreign Exchange Rate		Unrealized Appreci- ation	Unrealized (Depre- ciation)	
Foreign currency exchange contracts purchased:								
Chilean Peso	17,000	5/7/14	8/12/14	565.2900000 CLP / USD		\$ 45	\$ —	
Chilean Peso	1,938,000	3/6/14	7/28/14	561.6610000 CLP / USD		40	—	
Chilean Peso	1,072,000	3/27/14	7/28/14	557.0000000 CLP / USD		6	—	
Chilean Peso	3,719,000	5/13/14	8/18/14	553.7200000 CLP / USD		—	(32)	
Chilean Peso	3,498,000	6/3/14	9/10/14	556.6500000 CLP / USD		—	(13)	
Chilean Peso	2,720,000	6/10/14	9/26/14	557.8000000 CLP / USD		—	(8)	
Euro	13	6/26/14	7/1/14	1.3615780 EUR / USD		—	—	
Euro	7	6/17/14	7/1/14	1.363440 EUR / USD		—	—	
Euro	218	6/17/14	7/2/14	1.363507 EUR / USD		1	—	
Euro	1,007	6/27/14	7/2/14	1.364500 EUR / USD		5	—	
Euro	330	6/30/14	7/3/14	1.368470 EUR / USD		1	—	
Indian Rupee	939,000	6/12/14	9/17/14	60.013000 INR / USD		—	(217)	
Japanese Yen	871,859	2/5/14	7/7/14	101.14100 JPY / USD		—	(14)	
Japanese Yen	607,076	5/21/14	7/7/14	101.42400 JPY / USD		7	—	
Japanese Yen	2,718,066	6/30/14	7/7/14	101.25000 JPY / USD		—	(13)	
Pound Sterling	263	6/27/14	7/2/14	1.702190 GBP/USD		2	—	
Swiss Franc	400	6/27/14	7/2/14	0.8916900 CHF / USD		2	—	
Swiss Franc	397	6/30/14	7/3/14	0.8866900 CHF / USD		—	—	
Foreign currency exchange contracts sold:								
Australian Dollar	29,210	5/7/14	8/12/14	0.941050 USD / AUD		—	(236)	
Euro	326	6/30/14	7/2/14	1.369150 USD / EUR		—	—	
Euro	21,560	5/2/14	8/7/14	1.369336 USD / EUR		273	—	
Euro	3,670	5/9/14	8/7/14	1.369336 USD / EUR		23	—	
Euro	850	5/28/14	8/7/14	1.369336 USD / EUR		—	(9)	
Euro	625	6/24/14	8/7/14	1.369336 USD / EUR		—	(5)	
Euro	910	6/25/14	8/7/14	1.369336 USD / EUR		—	(6)	
Euro	1,010	6/27/14	8/7/14	1.369336 USD / EUR		—	(5)	
Euro	20,193	4/24/14	10/28/14	1.369777 USD / EUR		225	—	
Hong Kong Dollar	3,399	6/27/14	7/2/14	0.129026 USD / HKD		—	—	
Japanese Yen	4,197,000	1/2/14	7/7/14	0.009872 USD / JPY		—	(1,360)	
Japanese Yen	2,884,573	6/30/14	10/2/14	0.009878 USD / JPY		12	—	
New Zealand Dollar	11,370	6/12/14	9/19/14	0.869112 USD / NZD		—	(92)	
Polish Zloty	39,640	4/22/14	7/25/14	0.328813 USD / PLN		—	(40)	
Totals						\$642	\$(2,050)	

**OPEN FOREIGN CURRENCY EXCHANGE CONTRACTS
AT JUNE 30, 2013**

(in thousands)

	Local Currency Amount	Effective Date	Maturity Date	Original Foreign Exchange Rate		Unrealized Appreci— ation	Unrealized (Depre— ciation)
Foreign currency exchange contracts purchased:							
Brazilian Real	6,033	2/26/13	8/30/13	2.0323000	BRL/USD	\$—	\$(271)
Brazilian Real	7,650	3/14/13	9/18/13	2.0164000	BRL/USD	—	(385)
British Pound Sterling	482	6/27/13	7/2/13	0.6561292	GBP/USD	—	(4)
British Pound Sterling	12,800	6/7/13	9/16/13	0.6442884	GBP/USD	—	(463)
Chilean Peso	1,265,910	5/9/13	9/13/13	479.3999994	CLP/USD	—	(167)
Chilean Peso	3,498,200	6/5/13	11/8/13	512.4500000	CLP/USD	—	(34)
Euro	485	6/28/13	7/3/13	0.7686986	EUR/USD	—	—
Hong Kong Dollar	6,312	6/27/13	7/2/13	7.75711	HKD/USD	—	—
Indian Rupee	812,000	6/12/13	9/18/13	58.82	INR/USD	—	(386)
Japanese Yen	688,191	6/5/13	7/8/13	99.19540	JPY/USD	—	(10)
Japanese Yen	4,753,281	6/28/13	7/8/13	99.28100	JPY/USD	—	(25)
Mexican Peso	124,300	5/8/13	8/13/13	12.16120	MXN/USD	—	(714)
Polish Zloty	245	6/26/13	7/1/13	3.3412000	PLN/USD	—	—
Russian Ruble	188,100	5/13/13	9/16/13	32.01	RUB/USD	—	(224)
South Korean Won	137,416	6/28/13	7/1/13	1143.7	KRW/USD	—	—
South Korean Won	371,146	6/28/13	7/1/13	1143.7	KRW/USD	—	—
Swiss Franc	372	6/26/13	7/1/13	0.9427600	CHF/USD	—	(1)
Turkish Lira	15,760	6/6/13	9/12/13	1.9199000	TRY/USD	—	(132)
Foreign currency exchange contracts sold:							
Australian Dollar	29,210	4/30/13	8/12/13	1.029	USD/AUD	3,400	—
British Pound Sterling	68	6/26/13	7/1/13	1.5323800	USD/GBP	1	—
British Pound Sterling	19	6/28/13	7/3/13	1.5190100	USD/GBP	—	—
Euro	13,540	4/30/13	8/7/13	1.3173000	USD/EUR	234	—
Hong Kong Dollar	2,524	6/28/13	7/3/13	0.1289275	USD/HKD	—	—
Hong Kong Dollar	224	6/28/13	7/3/13	0.1289080	USD/HKD	—	—
Indian Rupee	518	6/28/13	7/2/13	0.0167532	USD/INR	—	—
Japanese Yen	1,239,562	1/4/13	7/8/13	0.0114135	USD/JPY	1,669	—
Japanese Yen	444,778	3/14/13	7/8/13	0.0104237	USD/JPY	159	—
Japanese Yen	893,260	4/5/13	7/8/13	0.0102693	USD/JPY	181	—
Japanese Yen	1,125,750	4/8/13	7/8/13	0.0101246	USD/JPY	65	—
Japanese Yen	433,323	4/24/13	7/8/13	0.0100462	USD/JPY	—	(9)
Japanese Yen	431,924	5/10/13	7/8/13	0.0098352	USD/JPY	—	(100)
Japanese Yen	872,876	5/15/13	7/8/13	0.0097845	USD/JPY	—	(247)
Mexican Peso	17,931	6/28/13	7/2/13	12.9970900	USD/MXN	—	(3)
New Zealand Dollar	11,700	6/11/13	9/20/13	0.782	USD/NZD	165	—
Polish Zloty	1,154	6/27/13	7/2/13	0.3011141	USD/PLN	1	—
Russian Ruble	188,100	5/15/13	9/16/13	0.0310723	USD/RUB	192	—
South African Rand	1,108	6/24/13	7/1/13	0.9882890	USD/ZAR	—	(2)
South African Rand	784	6/25/13	7/2/13	0.0990712	USD/ZAR	—	(1)
South African Rand	233	6/28/13	7/5/13	0.1009235	USD/ZAR	—	—
South Korean Won	6,940,000	5/8/13	8/13/13	0.0009200	USD/KRW	341	—
South Korean Won	7,634,000	6/10/13	10/18/13	0.0000878	USD/KRW	72	—
Turkish Lira	486	6/27/13	7/1/13	0.5194805	USD/TRY	—	—
Totals						\$6,480	\$(3,178)

NOTE 4—FUNDING PROGRESS — OPEB PLANS

SCHEDULE OF FUNDING PROGRESS — OPEB PLANS

(\$ in thousands)

The funding status of the OPEB Plans as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
Group II — Police Officers & Firefighters						
06/30/14	\$ 9,401	\$331,744	\$322,343	2.8%	\$ 385,524	83.6%
06/30/13	\$ 8,686	\$337,097	\$328,411	2.6%	\$ 382,563	85.8%
06/30/12	\$ 8,813	\$336,241	\$327,428	2.6%	\$ 374,321	87.5%
Group I — Teachers						
06/30/14	(\$ 11,248)*	\$238,681	\$249,929	(4.7%)	\$1,033,867	24.2%
06/30/13	(\$ 10,314)	\$245,465	\$255,779	(4.2%)	\$1,039,933	24.6%
06/30/12	(\$ 9,097)	\$254,850	\$263,947	(3.6%)	\$1,036,605	25.5%
Group I — Political Subdivision Employees						
06/30/14	\$ 22,767	\$ 65,506	\$ 42,739	34.8%	\$ 590,653	7.2%
06/30/13	\$ 23,356	\$ 67,667	\$ 44,311	34.5%	\$ 591,224	7.5%
06/30/12	\$ 25,519	\$ 73,254	\$ 47,735	34.8%	\$ 584,871	8.2%
Group I — State Employees						
06/30/14	\$ 325	\$ 78,172	\$ 77,847	0.4%	\$ 497,855	15.6%
06/30/13	\$ 95	\$ 81,643	\$ 81,548	0.1%	\$ 488,021	16.7%
06/30/12	(\$ 917)	\$ 88,414	\$ 89,331	(1.0%)	\$ 491,960	18.2%

* The Group I Teachers OPEB plan currently has a negative balance due to higher than anticipated retirement rates, lower than expected payroll growth and the lag of when contribution rates are set vs. when they become effective. Although this is a closed group, meaning members who are currently working and contributing will not qualify for this benefit, this plan continues to pay benefits to retirees who were eligible for this benefit at the time of their retirement. This negative balance has been addressed in the current valuation and is expected to be collected through higher future contribution rates which are expected to begin in FY 2016.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and pension and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The Schedule of Employer Contributions provided in required supplementary information presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between employer and plan members to that point.

OPEB Plans	
Valuation Date	06/30/2014
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Equivalent single amortization period	16 years*
Asset valuation method	5-year smoothed market
Actuarial Assumptions:	
Investment rate of return*	3.75%
Projected salary increases*	4.15% to 24.55%
*Includes Price Inflation at	3.0%
Rate of Payroll Growth	3.75%
Valuation Health Care Trend Rate	N/A — The OPEB Plans provide a specific dollar subsidy to be used for health care. The subsidy increased 8.0% for fiscal year 2007 by statute. There have been no annual increases since July 1, 2007

*The ARC is based on the greater of a 22-year amortization period or the amount necessary to meet cash flow.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation can be found in the actuarial section of this report.

NOTE 5 — NET PENSION LIABILITY OF EMPLOYERS — PENSION PLAN

The net pension liability of employers as of June 30, 2014 and 2013 is shown below:

SCHEDULE OF NET PENSION LIABILITY OF EMPLOYERS					(\$ in thousands)
Fiscal Year Ended	(a) Total Pension Liability	(b) Plan Net Position	(c) Net Pension Liability (a-b)	(d) Plan Net Position as a % of Total Pension Liability (b/a)	
6/30/2014	\$11,144,214	\$7,390,628	\$3,753,586	66.3%	
6/30/2013	\$10,708,768	\$6,404,984	\$4,303,784	59.8%	

ACTUARIAL ASSUMPTIONS

The total pension liability shown in this report is based on an actuarial valuation performed as of June 30, 2013 rolled forward to the measurement date of June 30, 2014. The roll-forward procedure increases the June 30, 2013 actuarial accrued liability with normal cost and interest and decreases it with actual benefit payments and administrative expenses paid.

The actuarial valuation used the following actuarial assumptions:

Price Inflation	3.0% per year
Wage Inflation	3.75% per year
Salary Increases	5.8% average, including inflation
Investment Rate of Return	7.75% per year
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2005–2010.
Mortality	RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

The asset allocation is recommended by the Independent Investment Committee and approved by the Board of Trustees. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided. The following table displays the approved asset allocation for 2014 and 2013 and the geometric real rates of return for each asset class:

LONG-TERM EXPECTED REAL RATE OF RETURN*

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return	
		2014	2013
Large Cap Equities	22.50%	3.25%	3.75%
Small/Mid Cap Equities	7.50%	3.25%	4.00%
Total Domestic Equity	30.00%		
Int'l Equities (unhedged)	13.00%	4.25%	4.75%
Emerging Int'l Equities	7.00%	6.50%	6.75%
Total International Equity	20.00%		
Core Bonds	18.00%	-0.47%	-0.96%
High-Yield Bonds	1.50%	1.50%	2.00%
Global Bonds (unhedged)	5.00%	-1.75%	-2.25%
Emerging Market Debt (external)	0.50%	2.00%	1.00%
Total Fixed Income	25.00%		
Private Equity	5.00%	5.75%	6.00%
Private Debt	5.00%	5.00%	5.50%
Real Estate	10.00%	3.25%	3.00%
Opportunistic	5.00%	2.50%	2.63%
Total Alternative Investments	25.00%		
TOTAL	100.00%		

*Real rates of return are presented net of the inflation assumption, which was 3.0% for 2014 and 2013.

A single discount rate of 7.75% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%, which is not reported net of the inflation assumption used to obtain the real weighted returns shown above. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following page shows a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability, if it were calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the single discount rate:

SENSITIVITY OF THE NET PENSION LIABILITY TO THE SINGLE DISCOUNT RATE ASSUMPTION

Fiscal Year Ended	(\$ in thousands)		
	1% Decrease to 6.75%	Current Single Rate Assumption 7.75%	1% Increase to 8.75%
6/30/2014	\$4,944,083	\$3,753,586	\$2,749,223
6/30/2013	\$5,517,542	\$4,303,784	\$3,283,507

NOTE 6—SIGNIFICANT CHANGES IN ACTUARIAL ASSUMPTIONS AND BENEFIT PROVISIONS OCCURRING SINCE THE JUNE 30, 2013 ACTUARIAL VALUATION

Changes in actuarial assumptions for fiscal year 2014:

None

Legislation was enacted in the 2014 legislative session which:

- (a) Amends the definition of “Employer” to clarify that political units that combine payroll operations continue to be considered separate employers for the purposes of administering benefits under RSA 100-A.
- (b) Amends the definition of “Employee” to clarify that “nonclassified” state employees are included.
- (c) Changes the cost calculation to purchase most types of prior service credit.
- (d) Members do not continue to earn service credit while on a salary continuance following termination of employment.
- (e) Compensation for “extracurricular and instructional activities” is Earnable Compensation for full-time paraprofessionals and other full-time school support staff, as well as for teachers.
- (f) Creates employer penalties for incorrect data submission of active member records and late or incorrect reporting of retiree data.
- (g) Exempts employers from tracking and reporting hours worked and compensation paid to retirees serving as elected officials.
- (h) Allows retirees who have worked fewer than 1,300 hours in a calendar year to exceed the 32-hour per week statutory limit on part-time employment “while providing assistance during an emergency.” For purposes of this section, an emergency includes any event declared by the governor or while working under the direction of the director of the Division of Forests and Lands during woodland fire control.
- (i) Allows the retirement system to make a payment of \$15,000 or less to the next of kin of a deceased member when no probate proceedings are pending.
- (j) Grants NHRS electronic access to a limited data set of death, marriage, and divorce information of members and beneficiaries held by the Division of Vital Records Administration for purposes of administering RSA 100-A.
- (k) RSA 100-A:17, relative to transfer of funds from predecessor systems, is repealed.
- (l) RSA 100-A:19, relative to the optional benefit program for eligible call, substitute, or volunteer firefighters, is repealed. (The repeal provides for the refund of remaining funds after the completion of payments to the two remaining beneficiaries.)
- (m) RSA 100-A:41-b, relative to previously paid, one-time supplemental allowances for certain retired Group II members, is repealed.

Changes in actuarial assumptions for fiscal year 2013:

None

Legislation was enacted in the 2013 legislative session which:

- (a) Requires NHRS-participating employers to report monthly to the retirement system information regarding NHRS retirees on their payroll, including hours worked and all compensation paid. The reporting requirement takes effect January 1, 2014, and is repealed effective January 1, 2019.
- (b) Requires the retirement system to provide annual written notices to NHRS retirees regarding the statutory limitations on part-time employment with NHRS-participating employers.
- (c) Allows individuals elected or appointed to the offices of town clerk and tax collector for the same employer to satisfy NHRS membership eligibility requirements by using both offices, even if the positions were not formally combined per RSA 41:45-a.
- (d) Eliminates the application of gainful occupation reductions to the retirement allowances of Group II (Police, Fire) accidental disability beneficiaries who have years of service plus years of accidental disability retirement that total at least 20 years and who have attained the age of 45.

NOTE 7 – CONTRIBUTIONS AND RESERVES

PENSION PLAN

As a condition of participation, members are required to contribute a set percentage of their salary to the Pension Plan. The percentage rates, as outlined below, are set by statute under RSA 100-A:16 and depend on the member’s group affiliation.

RSA 100-A:16 outlines the employer contributions made to the Pension Plan. Employer contributions to the Pension Plan since fiscal year 2007 have been determined on an actuarial basis using the entry age normal cost method.

The annual covered payroll for the year ended June 30, 2014 is \$2,507.9 million and the annual covered payroll for the fiscal year ended June 30, 2013 was \$2,501.7 million.

The following tables show the percentages of gross payroll contributed by the State, other contributing employers, and members to the pension plan and the OPEB plans.

TOTAL CONTRIBUTION RATES – PENSION PLAN

Member Category	Member Normal Share	(FY 2014)			Member Normal Share	(FY 2013)		
		State	Local	Total*		State	Local	Total
Employees								
State	7.00%	10.51%	—	10.51%	7.00%	8.48%	—	8.48%
Local	7.00%	—	10.44%	10.44%	7.00%	—	8.48%	8.48%
Teachers	7.00%	—	11.96%	11.96%	7.00%	—	8.99%	8.99%
Police Officers								
State	11.55%	21.45%	—	21.45%	11.55%	15.98%	—	15.98%
Local	11.55%	—	21.35%	21.35%	11.55%	—	15.98%	15.98%
Firefighters								
State	11.80%	23.90%	—	23.90%	11.80%	18.92%	—	18.92%
Local	11.80%	—	23.79%	23.79%	11.80%	—	18.92%	18.92%

OPEB PLANS

In accordance with RSA 100-A:53, RSA 100-A:53-b, RSA 100-A:53-c and RSA 100-A:53-d, benefits are provided by a 401(h) subtrust of the Pension Plan. For fiscal year 2009 and prior, the OPEB Plans were funded by allocating 25% of all employer contributions made in accordance with RSA 100-A:16 to the 401(h) subtrust until such time as the benefits were fully funded.

Beginning with fiscal year 2010, the OPEB Plans are to be funded by allocating to the 401(h) subtrust the lesser of:

- a.) 25% of all employer contributions made in accordance with RSA 100-A:16; or
- b.) the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53, RSA 100-A:53-b, RSA 100-A:53-c and RSA 100-A:53-d.

For fiscal year 2014, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust.

The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plans. Administrative costs are allocated to the OPEB Plans based on fund balances.

TOTAL CONTRIBUTION RATES – OPEB PLANS

Member Category	Member Normal Share	(FY 2014)			Member Normal Share	(FY 2013)		
		State	Local	Total		State	Local	Total
Employees								
State	—	1.62%	—	1.62%	—	1.60%	—	1.60%
Local	—	—	.33%	.33%	—	—	0.32%	0.32%
Teachers	—	—	2.20%	2.20%	—	—	2.31%	2.31%
Police Officers								
State	—	3.95%	—	3.95%	—	3.97%	—	3.97%
Local	—	—	3.95%	3.95%	—	—	3.97%	3.97%
Firefighters								
State	—	3.95%	—	3.95%	—	3.97%	—	3.97%
Local	—	—	3.95%	3.95%	—	—	3.97%	3.97%

The following tables show the amounts contributed by participating employers and members and these contributions expressed as a percentage of the respective covered payrolls.

TOTAL AMOUNTS CONTRIBUTED — PENSION AND OPEB PLANS					(in thousands)			
Member Category	Member Normal Share**	(FY 2014) Employer Normal Share			Member Normal Share**	(FY 2013) Employer Normal Share		
		Pension Plan*	OPEB Plans*	Total Contributions		Pension Plan*	OPEB Plans*	Total Contributions
Employees	\$ 78,869	\$115,499	\$10,166	\$204,534	\$ 77,753	\$ 91,723	\$10,685	\$180,161
Teachers	74,674	126,145	23,277	224,096	74,066	92,912	23,767	190,745
Police Officers	31,814	58,899	10,830	101,543	30,956	43,160	10,665	84,781
Firefighters	13,676	27,901	4,608	46,185	13,714	22,040	4,595	40,349
Total Contributed	\$199,033	\$328,444	\$48,881	\$576,358	\$196,489	\$249,835	\$49,712	\$496,036

*Includes contributions made by both State and local employers
 **Includes voluntary member contributions of \$5.1 million in FY 2014 and \$5.7 million in FY 2013.

TOTAL AMOUNTS CONTRIBUTED EXPRESSED AS A PERCENTAGE OF COVERED PAYROLL PENSION AND OPEB PLANS								
Member Category	Member Normal Share**	(FY 2014) Employer Normal Share			Member Normal Share	(FY 2013) Employer Normal Share		
		Pension Plan*	OPEB Plans*	Total Contributions		Pension Plan*	OPEB Plans*	Total Contributions
Employees	7.25%	10.61%	0.93%	18.79%	7.20%	8.50%	0.99%	16.69%
Teachers	7.22%	12.20%	2.25%	21.67%	7.12%	8.93%	2.29%	18.34%
Police Officers	11.76%	21.77%	4.00%	37.54%	11.60%	16.18%	4.00%	31.78%
Firefighters	11.89%	24.26%	4.01%	40.15%	11.84%	19.03%	3.97%	34.84%
Total Contributed	7.94%	13.10%	1.95%	22.98%	7.85%	9.99%	1.99%	19.83%

As a matter of practice, actual contribution rates are determined by the previous valuation. Using the forecast rates delays implementation of the rates proposed by the actuary until the beginning of the subsequent biennium, allowing employers to budget for changes in employer rates. The employer normal contribution rates for the 2014 and 2013 fiscal years were based on the June 30, 2011 and June 30, 2009 actuarial valuations.

NOTE 8 — ADMINISTRATIVE EXPENSES

Certain expenses related to the administration of the Plans are budgeted and approved by the Board of Trustees, and are subject to appropriation biennially by the State Legislature. Administrative expenses are included in the accompanying financial statements.

Administrative expenses consist primarily of salaries and benefits for 63 full-time and part-time employees and the costs associated with operating and maintaining computer systems.

NOTE 9 — CONTINGENT MATTERS

The NHRS is a co-defendant, along with the State of New Hampshire, in a suit filed in the New Hampshire court system in 2009. The plaintiff parties, consisting of individually-named members and retirees and their unions, are seeking relief from statutory changes made in the 2008 legislative session by the New Hampshire Legislature. There are four claims that currently exist, as follows:

- The amended definition of earnable compensation;
- The changed Cost-of Living Adjustment (COLA) formulas from prior years' formulas;
- The manner in which the Special Account was funded;
- The \$250 million transfer from the Special Account to the State Annuity Accumulation Fund.

The Superior Court Judge issued an order in July 2013 that vesting takes place at ten years of service and those retired members who completed ten years under the 1991 definition of earnable compensation have a vested right to have their retirement benefit calculated under that definition. The Judge ruled against the plaintiffs on their claim regarding a COLA noting that none of the plaintiffs had a vested right to a COLA and even if they did, any impairment was not substantial a COLA.

Both the plaintiffs and the State appealed to the NH Supreme Court. The case was fully briefed and oral argument was held on November 13, 2014.

The NHRS is a co-defendant, along with the State of New Hampshire, in a related suit filed on June 30, 2014 in Hillsborough County (NH) Superior Court. The complaint raises the following two constitutional challenges to recent legislation affecting NHRS:

- The statutory amendment that eliminated annual increases in the NHRS medical subsidy;
- The statutory directive to transfer \$250 million from the Special Account to the State Annuity Accumulation Fund.

By agreement between all parties, action in this case was stayed pending the outcome of the first case mentioned in this footnote.

NHRS was also named as a co-defendant along with the State of New Hampshire in a lawsuit (“HB 2 Benefits suit”) filed in 2012 in Hillsborough County (NH) Superior Court by several unions, active NHRS members and retirees. The plaintiffs challenge a number of the provisions that were changed in the 2011 legislative session that impact benefit calculations and eligibility, including:

- Changing the definition of earnable compensation;
- Increasing the average final compensation period;
- Lowering the maximum initial benefit;
- Increasing the normal retirement age for public safety personnel while reducing the multiplier used in determining the pension benefit;
- Repealing the Group II accidental disability exception to the gainful occupation reduction.

This case has been stayed pending the outcome of either of two other cases that have already been argued at the Supreme Court.

In addition to the HB 2 Benefits suit above, there was a suit (“HB 2 Contributions suit”) filed during fiscal year 2011 in Merrimack County (NH) Superior Court by a coalition representing active NHRS members and retirees against the State of New Hampshire but the NHRS is not a named party. The coalition challenged two HB 2 provisions:

- The rate recertification methodology;
- The increase in member contribution rates for all members.

In September 2013, the Judge issued an Order finding that it was unconstitutional to increase the level of contributions required from those petitioners who were vested by virtue of the fact they had 10 years of creditable service as of the legislative enactment on July 1, 2011.

The plaintiffs appealed to the New Hampshire Supreme Court, where for the first time, they requested restitution from NHRS for the amount that they, and similarly situated NHRS participants, paid in alleged “excess contributions” due to the member rate increase.

This case was argued at the New Hampshire Supreme Court on May 15, 2014 and a decision is expected at any time.

In the opinion of management and legal counsel, the aforementioned suits will not have an adverse effect on the NHRS’s net position.

**REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)**
**SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY
AND RELATED RATIOS — PENSION PLAN**

(\$ in thousands)

Fiscal Year Ending	June 30, 2014	June 30, 2013
Total Pension Liability		
Service Cost	\$ 245,828	\$ 255,178
Interest on the Total Pension Liability	815,214	789,792
Benefit Changes	—	—
Difference between expected and actual of the Total Pension Liability	—	(101,141)
Assumption Changes	—	—
Benefit Payments	(599,476)	(573,470)
Refunds	(26,120)	(23,191)
Net Changes in Total Pension Liability	435,446	347,168
Total Pension Liability — Beginning	10,708,768	10,361,600
Total Pension Liability — Ending	\$11,144,214	\$10,708,768
Plan Fiduciary Net Position		
Contributions — Employer	\$ 328,444	\$ 249,835
Contributions — Member	199,033	196,489
Pension Plan Net Investment Income	1,092,586	813,798
Benefit Payments	(599,476)	(573,470)
Refunds	(26,120)	(23,191)
Pension Plan Administrative Expense	(7,377)	(6,999)
Other custodial, professional and non-investment expenses	(1,446)	(1,805)
Net Change in Plan Fiduciary Net Position	985,644	654,657
Plan Fiduciary Net Position — Beginning	6,404,984	5,750,327
Plan Fiduciary Net Position — Ending	\$ 7,390,628	\$ 6,404,984
Net Pension Liability	\$ 3,753,586	\$ 4,303,784
Plan Fiduciary Net Position as a Percentage of of Total Pension Liability	66.3%	59.8%
Covered Employee Payroll	\$ 2,507,899	\$ 2,501,742
Net Pension Liability as a Percentage of Covered Employee Payroll	149.7%	172.0%

Schedule is intended to show information for 10 years. Additional years will be added as they become available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS — PENSION PLANS

(\$ in thousands)

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
6/30/2014	\$328,444	\$328,444	—	\$2,507,899	13.1%
6/30/2013	\$249,836	\$249,836	—	\$2,501,742	10.0%
6/30/2012	\$254,557	\$254,557	—	\$2,487,757	10.2%
6/30/2011	\$274,582	\$274,582	—	\$2,517,779	10.9%
6/30/2010	\$269,677	\$269,677	—	\$2,481,384	10.9%
6/30/2009	\$261,230	\$261,230	—	\$2,448,287	10.7%
6/30/2008	\$250,520	\$250,520	—	\$2,308,321	10.9%
6/30/2007	\$178,053	\$178,053	—	\$2,195,339	8.1%
6/30/2006	\$170,578	\$170,578	—	\$2,141,016	8.0%
6/30/2005	\$132,754	\$132,754	—	\$2,043,568	6.5%

SCHEDULE OF INVESTMENT RETURNS

Fiscal Year Ended	Annual Money Weighted Rate of Return — Net of Investment Expenses
6/30/2014	17.6%

Schedule is intended to show information for 10 years. Additional years will be added as they become available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – LAST TEN FISCAL YEARS

CHANGES OF BENEFIT TERMS

- Modified the calculation of Average Final Compensation (AFC) for members not vested prior to Jan. 1, 2012, by changing the “compensation over base pay” factor used in the AFC formula from a dollar average to a percentage average.
- Clarifies the date from which NHRS must begin calculating a 7-year average of Extra or Special Duty Pay for Group II (Police and Fire) members vested prior to Jan. 1, 2012. This change excludes from the calculation any months prior to July 1, 2009, which is when ESDP began to be separately reported to NHRS.
- Clarifies the number of years of creditable service Group II (Police and Fire) members in service prior to July 1, 2011, but not vested prior to Jan. 1, 2012, must have in order to qualify for the supplemental disability benefit available to eligible Accidental Disability retirees.
- Clarifies that the maximum benefit limit for members hired before July 1, 2009, is 100 percent of Earnable Compensation and the maximum benefit limit for members hired after that date, and not vested by Jan. 1, 2012, is the lesser of 85 percent of AFC or \$120,000 per year.
- Changes the definition of Earnable Compensation for active members who begin service on or after July 1, 2011 or who are not in vested status as of January 1, 2012.
- For active members who commenced service on or after July 1, 2011 or who have non-vested status as of January 1, 2012 Average Final Compensation (AFC) equals the average annual Earnable Compensation during the highest five years of creditable service.
- For members who commenced service on or after July 1, 2009 or are not vested as of January 1, 2012, a member’s retirement benefit shall not exceed the lesser of 85 percent of the member’s highest AFC or \$120,000.
- Group I members commencing service on or after July 1, 2011 are eligible to retire at age 65 and are eligible for a reduced annuity at age 60 with 30 years of creditable service. Prior to age 65, the state annuity, together with the member annuity, shall be equal to 1/66th of AFC multiplied by creditable service reduced for each month prior to the month after the member attains age 65 by ¼ of 1 percent. After age 65, the state annuity, together with the member annuity, shall be equal to 1/66th of AFC multiplied by creditable service, reduced for each month prior to the month after the member attains age 65 by 1/4 of 1 percent.
- Group II members commencing service on or after July 1, 2011 are eligible to retire at age 52.5 with 25 years of creditable service or age 60. The benefit shall be equal to 2 percent of AFC multiplied by creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a Service Retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age, by 1/4 of 1 percent.
- Group II members hired prior to July 1, 2011 who have non-vested status as of January 1, 2012 shall be subject to transition provisions for years of service required for regular Service Retirement, the minimum age for regular Service Retirement, and the multiplier used to calculate the retirement annuity, which shall be applicable on January 1, 2012.

Years of Creditable Service as of January 1, 2012	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%
Hired on or after July 1, 2011	52.5*	25	2.0%

*These members are eligible for a reduced service retirement pension at age 50.

- Member Contribution changes
 - (a) Group I (Employee and Teacher) members: 7.0 percent of Earnable Compensation.
 - (b) Group II Fire members: 11.80 percent of Earnable Compensation.
 - (c) Group II Police members: 11.55 percent of Earnable Compensation.
 - (d) Group II (Police and Fire) member contributions cease for members who are in vested status before January 1, 2012 with creditable service in excess of 40 years. Member contributions cease for all other Group II (Police and Fire) members with creditable service in excess of 42.5 years.
- Re-defines Extra or Special Duty Pay (ESDP) as a component of a member's Earnable Compensation to mean member work activities or details for which the employer bills or charges another entity for the work activities provided.
- Requires that for fiscal years beginning on or after July 1, 2009, political subdivision employers must report monthly to NHRS all ESDP paid to Group II (Police and Fire) members. Employers are also required to include in their billing to the entity for whom the ESDP is provided, the full amount of employer contributions required under RSA 100-A:16, II(b), which are applicable to the ESDP paid to Group II members. If the contributions are not paid by the entity, employers are required to pay 100 percent of the employer contributions attributable to all ESDP paid to Group II members.
- Repeals RSA 457-A regarding civil unions and amends RSA 457 to allow same gender couples to marry in New Hampshire. Because NHRS must follow the federal definition of marriage when administering pension plan benefits, certain retirement benefits for same gender married couples will be limited, as is currently the case with civil union partners.
- In accordance with the federal Heroes Earnings Assistance and Relief Tax (HEART) Act of 2008, provides that Ordinary Death benefits paid to a surviving spouse in the form of an annuity will not terminate upon the remarriage of such surviving spouse. Further, the law defines "qualified military service and provides Ordinary Death benefits for beneficiaries of NHRS members who die on or after January 1, 2007 while performing qualified military service.
- Establishes that the maximum retirement benefit granted under RSA 100-A:5 or RSA 100-A:6 for members hired after June 30, 2009 shall not exceed \$120,000 annually.
- Permits a member of the New Hampshire Retirement System to purchase up to two years of service credit for the period of time in which a member served in the Peace Corps or Americorps, subject to certain specified eligibility requirements.
- Establishes that the maximum retirement benefit granted under RSA 100-A:5 or RSA 100-A:6 shall not exceed 100 percent of the member's highest year of Earnable Compensation.

CHANGES OF ASSUMPTIONS

An actuarial review, commonly called an experience study, of the mortality, service, withdrawals, and compensation experience of members is required by statute at least once during each five-year period. The last actuarial review was performed during fiscal year 2011 and was based on the information available as of June 30, 2010.

There were many assumption changes adopted by the Board based on the study. Two changes of particular importance were:

- The investment rate of return assumption was reduced from 8.5% to 7.75%
- The wage inflation assumption was reduced from 4.50% to 3.75%

The full experience study results can be viewed at www.nhrs.org/documents/NHRS_5_Year_Experience_Study_March_2011.pdf

SCHEDULE OF FUNDING PROGRESS — OPEB PLANS

(\$ in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Group II — Police Officers & Firefighters						
06/30/14	\$ 9,401	\$331,744	\$322,343	2.8%	\$ 385,524	83.6%
06/30/13	\$ 8,686	\$337,097	\$328,411	2.6%	\$ 382,563	85.8%
06/30/12	\$ 8,813	\$336,241	\$327,428	2.6%	\$ 374,321	87.5%
06/30/11	\$ 9,907	\$341,942	\$332,035	2.9%	\$ 367,536	90.3%
06/30/10	\$ 16,475	\$443,589	\$427,114	3.7%	\$ 367,492	116.2%
06/30/09	\$119,970	\$272,012	\$152,042	44.1%	\$ 365,617	41.6%
Group I — Teachers						
06/30/14	(\$ 11,248)*	\$238,681	\$249,929	(4.7%)	\$1,033,867	24.2%
06/30/13	(\$ 10,314)	\$245,465	\$255,779	(4.2%)	\$1,039,933	24.6%
06/30/12	(\$ 9,097)	\$254,850	\$263,947	(3.6%)	\$1,036,605	25.5%
06/30/11	(\$ 6,131)	\$262,107	\$268,238	(2.3%)	\$1,036,376	25.9%
06/30/10	\$ 7,365	\$367,482	\$360,117	2.0%	\$1,020,745	35.3%
06/30/09	\$ 20,575	\$249,070	\$228,495	8.3%	\$1,003,514	22.8%
Group I — Political Subdivision Employees						
06/30/14	\$ 22,767	\$ 65,506	\$ 42,739	34.8%	\$ 590,653	7.2%
06/30/13	\$ 23,356	\$ 67,667	\$ 44,311	34.5%	\$ 591,224	7.5%
06/30/12	\$ 25,519	\$ 73,254	\$ 47,735	34.8%	\$ 584,871	8.2%
06/30/11	\$ 28,917	\$ 77,650	\$ 48,733	37.2%	\$ 579,579	8.4%
06/30/10	\$ 33,978	\$100,507	\$ 66,529	33.8%	\$ 572,435	11.6%
06/30/09	\$ 36,255	\$ 61,468	\$ 25,213	59.0%	\$ 570,404	4.4%
Group I — State Employees						
06/30/14	\$ 325	\$ 78,172	\$ 77,847	0.4%	\$ 497,855	15.6%
06/30/13	\$ 95	\$ 81,643	\$ 81,548	0.1%	\$ 488,021	16.7%
06/30/12	(\$ 917)	\$ 88,414	\$ 89,331	(1.0%)	\$ 491,960	18.2%
06/30/11	\$ 527	\$ 95,873	\$ 95,346	0.5%	\$ 534,288	17.8%
06/30/10	—	\$122,285	\$122,285	0.0%	\$ 520,712	23.5%
06/30/09	—	\$ 90,841	\$ 90,841	0.0%	\$ 508,752	17.9%

The schedule of funding progress presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

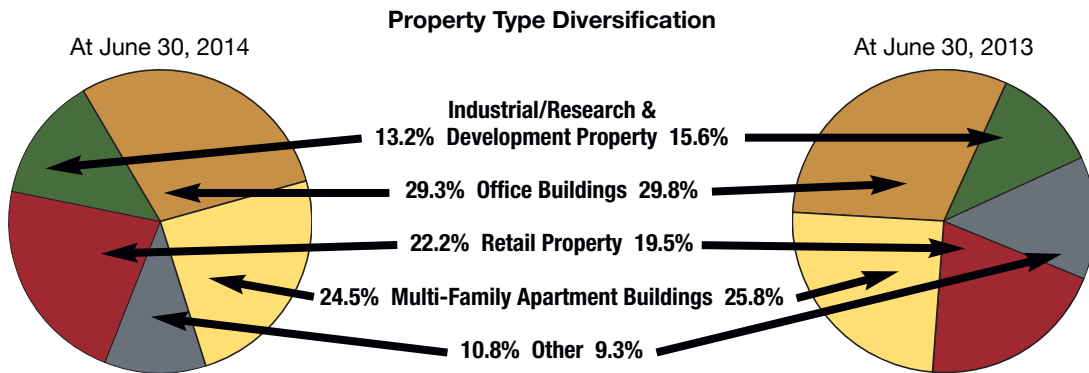
SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB PLANS

Fiscal Year	Classification	Annual Contribution (ARC)* (in thousands)	Percent of ARC Recognized as Contributions
2014	Group II Police Officers & Firefighters	15,438	100.00%
	Group I Teachers	23,277	100.00%
	Group I Political Subdivision Employees	2,010	100.00%
	Group I State Employees	8,156	100.00%
2013	Group II Police Officers & Firefighters	15,260	100.00%
	Group I Teachers	23,767	100.00%
	Group I Political Subdivision Employees	1,885	100.00%
	Group I State Employees	8,800	100.00%
2012	Group II Police Officers & Firefighters	14,683	100.00%
	Group I Teachers	24,021	100.00%
	Group I Political Subdivision Employees	1,928	100.00%
	Group I State Employees	8,332	100.00%
2011	Group II Police Officers & Firefighters	8,355	100.00%
	Group I Teachers	13,790	100.00%
	Group I Political Subdivision Employees	423	100.00%
	Group I State Employees	10,333	100.00%
2010	Group II Police Officers & Firefighters	8,143	100.00%
	Group I Teachers	13,614	100.00%
	Group I Political Subdivision Employees	404	100.00%
	Group I State Employees	10,399	100.00%
2009	Group II Police Officers & Firefighters	18,707	100.00%
	Group I Teachers	22,998	100.00%
	Group I Political Subdivision Employees	12,381	100.00%
	Group I State Employees	11,150	100.00%

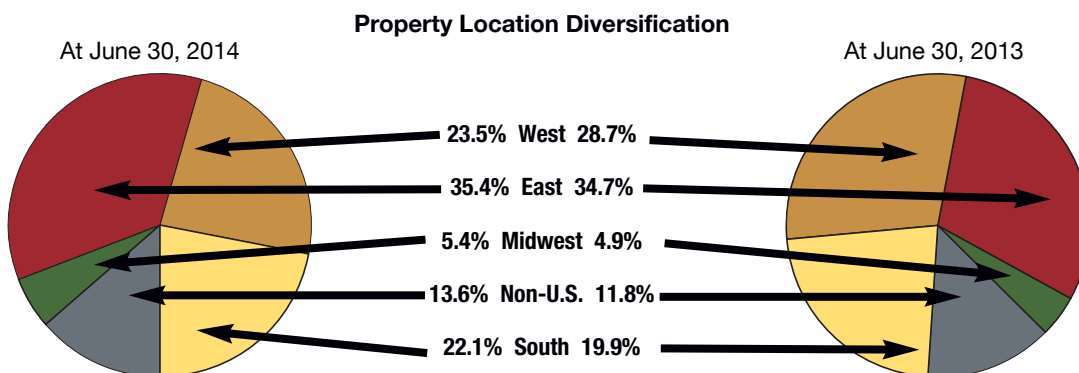
*For fiscal year 2009 and prior, the OPEB Plans were funded by allocating 25% of all employer contributions made in accordance with RSA 100-A:16 to the 401(h) subtrust until such time as the benefits were fully funded. Beginning with fiscal year 2010, the OPEB Plans are to be funded by allocating to the 401(h) subtrust the lesser of:

- a.) 25% of all employer contributions made in accordance with RSA 100-A:16; or
- b.) the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under statute. For fiscal year 2011, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. For fiscal year 2011, the State funded 25% of the employer normal costs for teachers, police officers and firefighters employed by the political subdivisions. For fiscal year 2010 the State funded 30% of those same political subdivision employer costs. Prior to fiscal year 2010 the State funded 35% of those same political subdivision costs.

REAL ESTATE INVESTMENTS BY TYPE	(in thousands)	
	JUNE 30	
	2014	2013
Office Buildings	\$192,603	\$170,493
Multi-Family Apartment Buildings	160,843	147,687
Retail Property	145,836	111,830
Industrial/Research & Development Property	86,719	89,348
Other	71,232	53,197
TOTAL REAL ESTATE INVESTMENTS BY TYPE	\$657,233	\$572,555



REAL ESTATE INVESTMENTS BY LOCATION	(in thousands)	
	JUNE 30	
	2014	2013
West	\$154,341	\$164,871
East	232,460	198,406
South	145,522	113,887
Midwest	35,364	27,784
Non-U.S.	89,546	67,607
TOTAL REAL ESTATE INVESTMENTS BY LOCATION	\$657,233	\$572,555



ALTERNATIVE INVESTMENTS	(in thousands)	
	2014	JUNE 30 2013
Venture Capital	\$ 542	\$ 2,532
Growth Equity	30,742	16,072
Buyouts	19,320	14,268
Secondaries	85,252	58,619
Mezzanine	8,355	6,488
Distressed	101,353	47,237
Absolute Return Strategies	4,074	25,693
Opportunistic	205,728	49,374
Direct Lending Strategies	19,617	–
TOTAL ALTERNATIVE INVESTMENTS	\$474,983	\$220,283

CONTRIBUTIONS	(in thousands)	
	YEAR ENDED JUNE 30	
	2014	2013
CONTRIBUTIONS – PENSION PLAN		
EMPLOYER CONTRIBUTIONS:		
Employees	\$115,499	\$ 91,723
Teachers	126,145	92,912
Police Officers	58,899	43,160
Firefighters	27,901	22,040
TOTAL EMPLOYER CONTRIBUTIONS	328,444	249,835
PLAN MEMBER CONTRIBUTIONS:		
Employees	78,869	77,753
Teachers	74,674	74,066
Police Officers	31,814	30,956
Firefighters	13,676	13,714
TOTAL PLAN MEMBER CONTRIBUTIONS	199,033	196,489
TOTAL CONTRIBUTIONS – PENSION PLAN	527,477	446,324
CONTRIBUTIONS – OPEB PLANS		
EMPLOYER NORMAL:		
Group II – Police Officers and Firefighters	15,438	15,260
Group I – Teachers	23,277	23,767
Group I – Political Subdivision Employees	2,010	1,885
Group I – State Employees	8,156	8,800
TOTAL CONTRIBUTIONS – OPEB PLANS	48,881	49,712
TOTAL CONTRIBUTIONS	\$576,358	\$496,036

	(in thousands)	
	YEAR ENDED JUNE 30	
	2014	2013
NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS		
Equity Investments:		
Domestic	\$613,115	\$491,531
Non-U.S.	179,471	133,497
Fixed Income Investments	49,082	(13,303)
Real Estate	87,504	60,456
Venture Capital	448	(462)
Growth Equity	(102)	(364)
Buyouts	794	214
Secondaries	13,929	8,824
Mezzanine	718	(357)
Distressed	12,623	5,023
Absolute Return Strategies	519	3,309
Opportunistic	5,214	(666)
Direct Lending	609	—
NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	\$963,924	\$687,702

INTEREST INCOME	(in thousands)	
	YEAR ENDED JUNE 30	
	2014	2013
Fixed Income Investments	\$58,340	\$64,789
Cash and Cash Equivalents	100	88
TOTAL INTEREST INCOME	\$58,440	\$64,877

DIVIDEND INCOME	(in thousands)	
	YEAR ENDED JUNE 30	
	2014	2013
Equity Investments:		
Domestic	\$60,895	\$54,373
Non-U.S.	30,050	28,228
TOTAL DIVIDEND INCOME	\$90,945	\$82,601

ALTERNATIVE INVESTMENT INCOME (LOSS)	(in thousands)	
	YEAR ENDED JUNE 30	
	2014	2013
Distressed	(430)	—
Secondaries	117	—
Direct Lending	857	—
Absolute Return Strategies	61	—
Opportunistic	818	—
TOTAL ALTERNATIVE INVESTMENT INCOME (LOSS)*	1,423	—

*Other alternative investment types not listed above had no income (loss) for either of the years reported. For a complete list of alternative investment types see page 56.

REAL ESTATE INVESTMENTS INCOME AND EXPENSES							(in thousands)
	INCOME		EXPENSE		NET INCOME		
	YEAR ENDED JUNE 30	YEAR ENDED JUNE 30	YEAR ENDED JUNE 30	YEAR ENDED JUNE 30	YEAR ENDED JUNE 30	YEAR ENDED JUNE 30	
	2014	2013	2014	2013	2014	2013	
Office Buildings	\$ 2,533	\$ 5,678	\$1,252	\$ 4,770	\$1,281	\$ 908	
Multi-Family Apartment Buildings	4,392	4,895	2,028	3,005	2,364	1,890	
Retail Property	1,921	4,781	898	3,300	1,023	1,481	
Industrial/Research & Development Property	1,641	1,123	347	387	1,294	736	
Hotels	828	—	—	—	828	—	
Other	983	—	—	—	983	—	
TOTAL	\$12,298	\$16,477	\$4,525	\$11,462	\$7,773	\$5,015	

INVESTMENT ACTIVITY FEES AND OTHER INVESTMENT RELATED EXPENSES			(in thousands)
	YEAR ENDED JUNE 30		
	2014	2013	
INVESTMENT ACTIVITY FEES:			
Equity Investments:			
Domestic	\$ 8,517	\$ 6,764	
Non-U.S.	8,161	7,337	
Fixed Income Investments	3,820	3,864	
Real Estate	1,873	1,953	
Custodial Fees	773	777	
Investment Advisor Fees	720	719	
Investment Staff Administrative Expense	674	620	
TOTAL INVESTMENT ACTIVITY FEES	\$24,538	\$22,034	

BENEFITS	(in thousands)	
	YEAR ENDED JUNE 30	
	2014	2013
PENSION BENEFITS AND ADDITIONAL ALLOWANCES:		
Employees	\$196,260	\$186,038
Teachers	239,191	229,287
Police Officers	110,693	106,046
Firefighters	53,332	52,098
TOTAL PENSION BENEFITS AND ADDITIONAL ALLOWANCES	\$599,476	\$573,469
POSTEMPLOYMENT MEDICAL BENEFITS:		
Group II Police and Fire	15,981	16,209
Group I Teachers	23,750	24,731
Group I Political Subdivision Employees	6,154	6,413
Group I State Employees	7,927	7,793
TOTAL POSTEMPLOYMENT MEDICAL BENEFITS	\$ 53,812	\$ 55,146
TOTAL BENEFITS	\$653,287	\$628,615

REFUNDS OF CONTRIBUTIONS	(in thousands)	
	YEAR ENDED JUNE 30	
	2014	2013
Employees	\$13,790	\$ 13,521
Teachers	7,188	5,718
Police Officers	4,289	3,555
Firefighters	853	397
TOTAL REFUNDS OF CONTRIBUTIONS	\$26,120	\$ 23,191

ADMINISTRATIVE EXPENSES FOR THE YEARS ENDED						
JUNE 30, 2014 AND 2013						
(in thousands)						
	2014	2014	OVER	2013	2013	OVER
	EXPENSE	BUDGET*	(UNDER)	EXPENSE	BUDGET*	(UNDER)
		(unaudited)	BUDGET		(unaudited)	BUDGET
			(unaudited)			(unaudited)
Salaries and Wages	\$3,573	\$3,544	\$ 29	\$ 3,371	\$3,625	(\$ 254)
Fringe Benefits	2,067	1,956	111	1,790	2,016	(226)
Supplies, Utilities and Postage	313	315	(2)	350	566	(216)
Organizational Dues	12	12	—	12	16	(4)
Equipment	2	3	(1)	9	106	(97)
Travel						
Board of Trustees	25	23	2	12	60	(48)
Staff	20	25	(5)	35	33	2
State Services	16	16	—	16	53	(37)
Office Rents and Expenses	483	482	1	491	528	(37)
Computer Support and System						
Development	756	756	—	794	1,730	(936)
Consulting	119	110	9	151	394	(243)
Workers Compensation	25	25	—	1	5	(4)
Unemployment Compensation	2	2	—	5	5	(0)
TOTAL	\$7,413	\$7,269	\$ 144	\$ 7,037	\$9,137	(\$ 2,100)

* The New Hampshire biennial budget is composed of the initial operating budget and supplemented by additional appropriations. These appropriations can be annual session laws, and existing statutes which require appropriations under certain circumstances. The budget therefore is a flexible budget. It is a biennial budget which consists of balances brought forward plus current year appropriations, less balances carried forward into the following fiscal year. The balances carried forward into the following fiscal year are composed of encumbrances and non-lapsing appropriations.

PROFESSIONAL FEES		
(in thousands)		
	YEAR ENDED JUNE 30	
	2014	2013
Actuarial Fees	\$ 192	\$177
Audit Fees	182	167
Legal Fees	711	633
TOTAL PROFESSIONAL FEES	\$1,085	\$977

MEMBERSHIP COMPOSITION

	JUNE 30	
	2014	2013
ACTIVE CONTRIBUTING MEMBERS:		
Employees	24,545	24,809
Teachers	17,986	18,084
Police Officers	4,166	4,187
Firefighters	1,610	1,608
TOTAL ACTIVE CONTRIBUTING MEMBERS*	48,307	48,688
*Excludes inactive		
RETIRED MEMBERS:		
Employees	15,314	14,712
Teachers	10,965	10,407
Police Officers	3,282	3,163
Firefighters	1,493	1,447
TOTAL RETIRED MEMBERS	31,054	29,729
TERMINATED MEMBERS ENTITLED TO BUT NOT YET RECEIVING BENEFITS:		
Employees	704	656
Teachers	531	548
Police Officers	55	51
Firefighters	7	6
TOTAL TERMINATED MEMBERS ENTITLED TO BUT NOT YET RECEIVING BENEFITS:	1,297	1,261
INACTIVE MEMBERS:		
Non-Vested Inactive Members	8,102	7,273
TOTAL TERMINATED AND INACTIVE MEMBERS	9,399	8,534

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NEW HAMPSHIRE RETIREMENT SYSTEM

INVESTMENT SECTION

[CLICK HERE TO RETURN TO TABLE OF CONTENTS](#)

**INVESTMENT
CONSULTANT'S
LETTER**



KEVIN M. LEONARD
SENIOR CONSULTANT

October 1, 2014

Board of Trustees
Investment Committee
Executive Director
The New Hampshire Retirement System
54 Regional Drive
Concord, NH 03301-8507

Dear NHRS Fiduciaries:

NEPC, LLC (NEPC) is pleased to introduce this overview of the New Hampshire Retirement System (NHRS) investment program for the fiscal year ended June 30, 2014.

The overall objective of NHRS is to provide service, disability, death and vested retirement benefits, and other postemployment benefits to members and their beneficiaries. To ensure a solid foundation for the future of the System, NHRS plans and implements an investment program designed to achieve the maximum rate of return over the long term, while prudently managing the risk of the portfolio. Additionally, the NHRS investment program is administered in accordance with sound governance practices and applicable statutes. The Board of Trustees (Trustees) established an Investment Policy which includes asset allocation targets and acceptable ranges as well as asset class benchmarks for performance measurement. The Trustees retain the services of actuaries and consultants to provide guidance regarding actuarial matters, asset allocation, and investment policy. The Independent Investment Committee (Committee) manages the investment program pursuant to the Investment Policy, develops asset class guidelines, monitors and evaluates performance, and makes determinations regarding the retention of managers. Professional investment managers are selected by the Committee to manage portfolios in accordance with investment management agreements. The Investment Manual includes all investment policies and asset class guidelines and may be obtained from the NHRS website at www.nhrs.org. The following pages report on the performance and attributes of the investment program for fiscal year 2014.

The fiscal year ending June 30, 2014 posted solid gains and investors showed resilience with headline risks related to the government shutdown, debt ceiling, a severe downward revision to U.S. GDP, the Federal Reserve Bank's quantitative easing program, and geopolitical tensions arising from Russia and the Middle East. As the calendar year came to a close, the U.S. economy appeared to be picking up steam with rising growth and falling unemployment even as the Fed began to taper its monetary stimulus. Macro policy and politics affected global markets with fears of the U.S. hitting its debt ceiling and slowing growth in emerging markets. Investor sentiment turned positive when Janet Yellen emerged as the favored candidate to serve as the chair of the Federal Reserve. Following a strong 2013, growth assets in developed markets continued their upward trajectory, while emerging market stocks and bonds rallied in March. Markets mostly shrugged off the geopolitical tensions arising from Russia taking control of Crimea, and the sustained economic slowdown in emerging economies. In the final quarter of the fiscal year, all major asset classes moved higher, even overlooking a severe revision downward for the first quarter U.S. GDP growth to -1.0%, attributing the miss to poor weather. Emerging market assets continued their recovery with large inflows pouring into equity and debt during the quarter as investors dismissed balance of payment concerns. The broad domestic equity market, as measured by the S&P 500 Index, posted its sixth consecutive quarterly gain, capping off the fiscal year with a +24.6% return. The domestic bond market, as measured by the Barclays Aggregate Bond Index, returned +4.4% in fiscal year 2014. The global equity market, as measured by the MSCI All Country World Index (net), returned +22.9% for the fiscal year.

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For the fiscal year ended June 30, 2014, the NHRS Total Fund returned +17.6% on a net-of-fees basis, underperforming the Total Fund Custom Benchmark return of +18.4% and ranking in the 14th percentile (1% being the highest, 100% being the lowest) relative to other investors in the InvestorForce Public Defined Benefit Net Universe (Universe). During the following periods the NHRS Total Fund provided strong annualized net-of-fees returns relative to the Universe: For the trailing three years ending June 30, 2014, the NHRS Total Fund return of +10.7% ranked in the 8th percentile of the Universe; For the trailing five years ending June 30, 2014 the NHRS Total Fund return of +13.5% ranked in the 11th percentile of the Universe; For the trailing ten year period ending June 30, 2014, the NHRS Total Fund returned +7.5% and ranked in the 13th percentile of the Universe; For the trailing twenty year period ending June 30, 2014, the NHRS Total Fund returned +8.7%, exceeding the assumed rate of return of 7.75%, and ranking in the 19th percentile of the Universe.

During fiscal year 2014, the Committee continued the implementation of the asset allocation changes initiated in fiscal year 2013. These changes resulted in additional commitments to expand the alternative investment and opportunistic portfolios. In addition, the Committee terminated two underperforming non-U.S. equity managers, and reduced another non-U.S. equity manager's portfolio mandate by 50% to decrease manager specific risk. The monies from these transactions were reallocated to four newly hired non-U.S. equity managers during fiscal year 2014 and early fiscal year 2015.

NEPC provides NHRS with quarterly economic and investment market updates and performance reviews, investment manager monitoring and selection advice, and related investment services for traditional and non-traditional asset classes. Investment performance analysis and comparisons produced by NEPC have been calculated using standard performance evaluation methodologies and are consistent with industry standards. Performance results are calculated using a time-weighted return methodology and are reported on a net-of-fees basis.

A handwritten signature in black ink, appearing to be 'D. M. L.', is written over a faint, illegible printed name.

INVESTMENT REPORTS

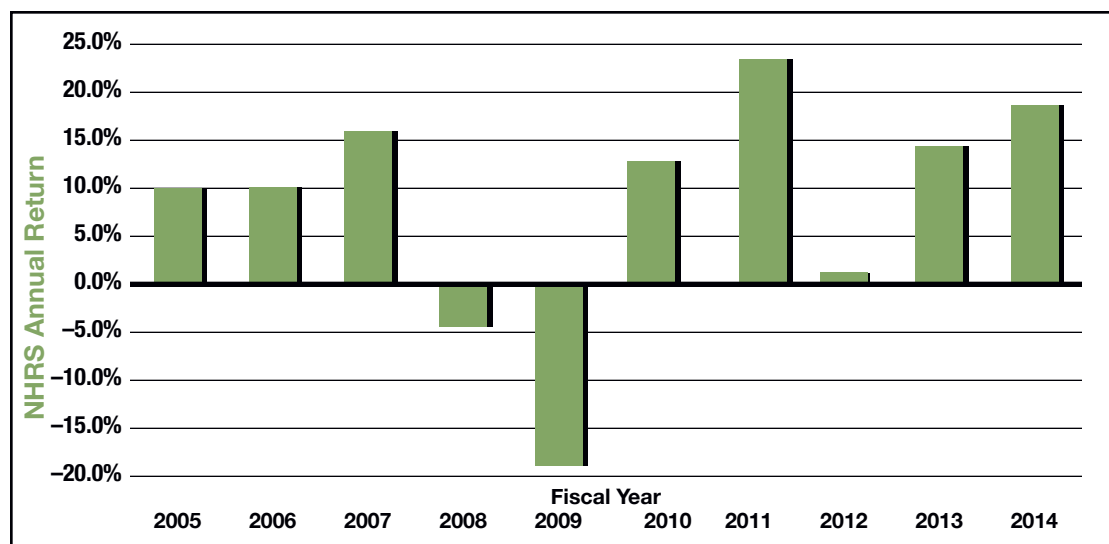
ANNUALIZED INVESTMENT RETURNS—ACTUAL VERSUS INDICES

	Current Year 2014	3 Year	Annualized 5 Year	10 Year
Total NHRS Fund	17.6%	10.7%	13.5%	7.5%
Total Fund Custom Index*	18.4	11.0	13.3	7.7
Domestic Equity	24.9	16.2	18.9	7.5
Total Domestic Equity Blended Benchmark*	25.2	16.5	19.3	8.2
Non-U.S. Equity	15.9	4.8	11.6	7.6
Total Non-U.S. Equity Blended Benchmark*	21.8	5.7	11.1	7.7
Fixed Income	7.0	5.8	7.7	6.7
Total Fixed Income Blended Benchmark*	5.2	4.2	5.6	5.2
Real Estate	17.1	13.3	11.2	9.0
Total Real Estate Blended Benchmark*	11.8	11.9	10.2	8.9
Alternative Investments	12.7	7.5	8.1	1.6
Total Alternative Investments Blended Benchmark*	30.7	20.2	15.0	11.3
Cash Equivalents	0.1	0.1	0.1	1.7
90 Day T-Bills	0.0	0.0	0.1	1.5

Performance returns are calculated on a net-of-fees time-weighted rate of return basis.

*In a dynamic market, strategies and objectives evolve over time. Consequently, these benchmarks are blended due to historical investment strategy decisions. Detailed descriptions of the benchmarks above are available by contacting NHRS.

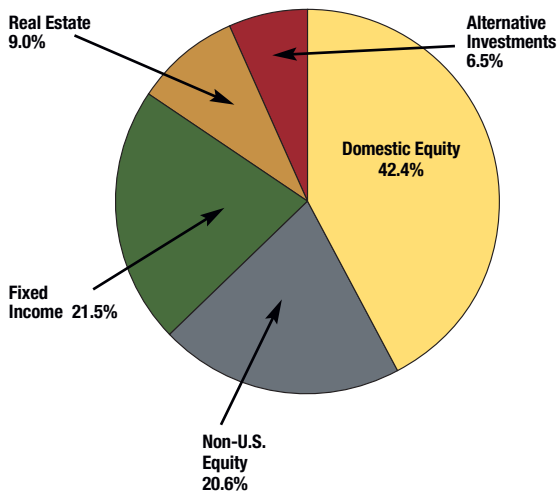
Ten Year History of Time-Weighted Total NHRS Fund Annual Returns



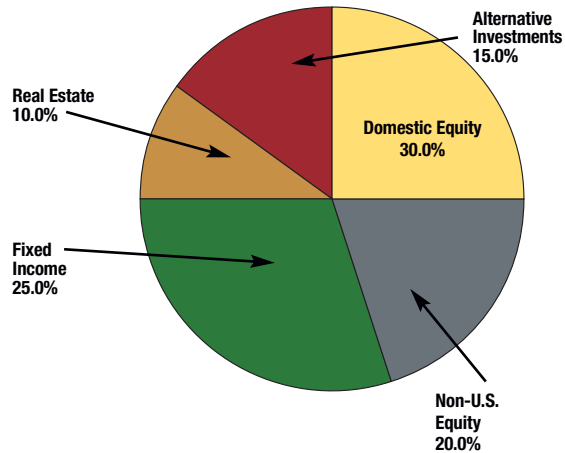
ACTUAL ASSET ALLOCATION VERSUS TARGET ASSET ALLOCATION

	Actual %	As of June 30, 2014	
		Target %	Target Range %
Domestic Equity	42.4 %	30.0 %	20 – 50
Non-U.S. Equity	20.6	20.0	15 – 25
Fixed Income	21.5	25.0	20 – 30
Real Estate	9.0	10.0	0 – 15
Alternative Investments	6.5	15.0	0 – 20
TOTAL FUND	100.0 %	100.0 %	

Actual Asset Allocation as of June 30, 2014



Target Asset Allocation as of June 30, 2014



TEN LARGEST STOCK HOLDINGS BY FAIR VALUE*			(in thousands)
	Shares	Stock	June 30, 2014 Fair Value
1	629,343	Exxon Mobil Corp	\$63,362
2	480,679	Apple Inc	44,669
3	1,398,750	Pfizer Inc	41,515
4	1,462,147	General Electric Co	38,425
5	248,846	Chevron Corp	32,488
6	579,493	Wells Fargo & Co	30,458
7	599,236	Citigroup Inc	28,224
8	1,820,149	Bank Of America Corp	27,976
9	660,746	Microsoft Corp	27,553
10	461,311	JP Morgan Chase & Co	26,581

TEN LARGEST FIXED INCOME HOLDINGS BY FAIR VALUE*			(in thousands)
	Par	Security	June 30, 2014 Fair Value
1	26,401,000	U.S. Treasury Note – 1.375%, 2018	\$26,434
2	15,475,000**	Italy Buoni Poliennali Del Tes – 5.000%, 2039	25,156
3	23,454,000	U.S. Treasury Note – 0.750%, 2017	23,157
4	22,757,000	U.S. Treasury Note – 2.875%, 2043	20,794
5	215,240,000**	Mexican Bonos – 7.750%, 2042	18,788
6	10,235,000**	United Kingdom Gilt – 4.750%, 2015	18,342
7	18,420,000**	Mexican Bonos – 8.500%, 2029	17,366
8	16,485,000	U.S. Treasury Note – 0.250%, 2016	16,469
9	15,670,000**	New South Wales Treasury Corp – 5.000%, 2024	16,156
10	36,130,000**	Brazil Notas Do Tesouro Nacion – 10.000%, 2023	14,680

*A complete listing of separate account portfolio holdings is available by contacting the NHRS offices. NHRS also invests in various commingled investment vehicles, which are custodied outside of The Bank of NY Mellon (Master Custodian for NHRS), as reported on the Summary of Investments schedule.

**Par value is denoted in local currency.

SCHEDULE OF INVESTMENT MANAGEMENT AND SERVICE FEES

	YEAR ENDED JUNE 30, 2014		
	Assets Under Management (in thousands)	Fees (in thousands)	Average Basis Points
INVESTMENT MANAGEMENT FEES			
Equity Portfolios:			
Domestic	\$3,106,664	\$ 8,517	27
Non-U.S.	1,505,297	8,161	54
Fixed Income Portfolios	1,576,619	3,820	24
Alternative Investments*	474,983	—	—
Real Estate	657,233	1,873	29
Cash and Cash Equivalents**	13,164	—	—
TOTAL INVESTMENT MANAGEMENT FEES	\$7,333,960	\$22,371	31
INVESTMENT SERVICE FEES			
Custodial Fees	\$7,333,960	\$ 773	1
Investment Advisor Fees — External	7,333,960	720	1
Investment Administrative Expenses — Internal	7,333,960	674	1
TOTAL INVESTMENT MANAGEMENT AND SERVICE FEES	\$7,333,960	\$24,538	33

* The custodian records all transactions on a net of fee basis.

** Does not include cash and cash equivalents held in manager portfolios, only in designated cash portfolios.

SCHEDULE OF BROKERAGE COMMISSIONS PAID

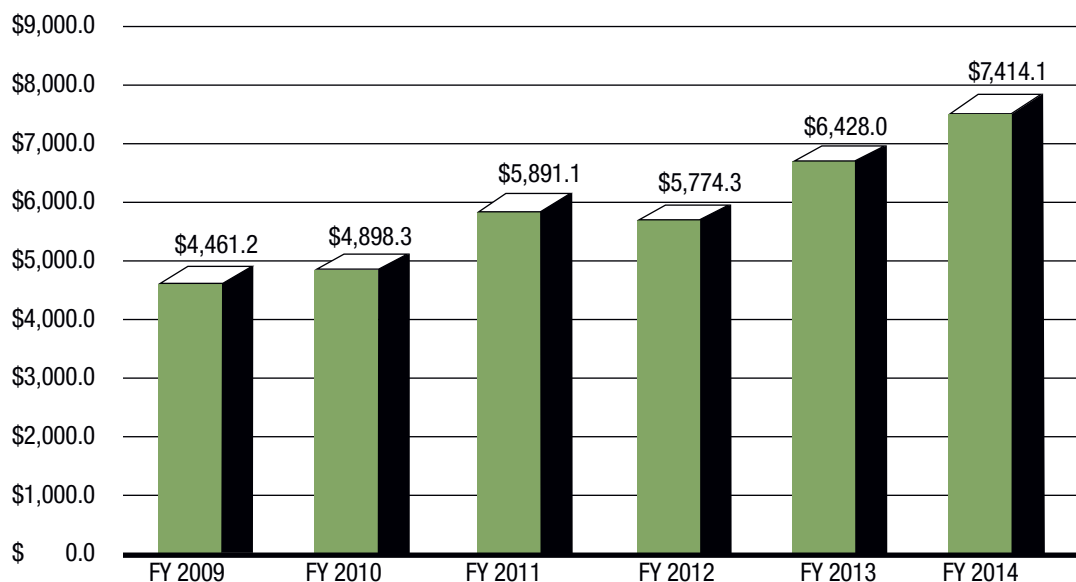
Brokerage Firm	YEAR ENDED JUNE 30, 2014		
	Number of Shares Traded (in thousands)	Total Commissions (in thousands)	Commissions Per Share
Merrill Lynch & Company Inc	15,379	\$ 165	0.01
Morgan Stanley & Company Inc	13,442	161	0.01
Credit Suisse First Boston Corporation	13,799	160	0.01
J.P. Morgan Securities Inc.	10,267	128	0.01
Barclay's Capital Inc.	13,202	100	0.01
Goldman Sachs & Company Inc.	10,523	91	0.01
UBS AG	10,289	86	0.01
Deutsche Bank AG	12,386	86	0.01
Citigroup Global Markets Inc.	8,155	79	0.01
Investment Tech Group	3,699	62	0.02
Liquidnet, Inc.	2,197	43	0.02
Instinet, Inc.	7,781	42	0.01
MacQuarie Securities Inc.	8,420	40	0.00
Jefferies & Company, Inc.	1,481	39	0.03
RBC Capital Markets, LLC	1,370	38	0.03
Credit Agricole	3,878	36	0.01
Baird, Robert W. & Company, Inc.	1,111	32	0.03
Cantor Fitzgerald & Company	1,104	29	0.03
HSBC Securities Inc.	1,500	28	0.02
All Others (146 not listed separately)	96,008	816	0.01
TOTAL BROKERAGE COMMISSIONS PAID	235,991	\$2,261	0.01

Commission detail is not included in the schedule above for the commingled funds in which NHRS invests.

SUMMARY OF INVESTMENTS

TYPE OF INVESTMENT	June 30, 2014	
	Fair Value (in millions)	Percent of Total Fair Value
FIXED INCOME		
Collateralized/Asset Backed Obligations	\$ 110.5	1.5%
Corporate Bonds	433.7	5.9
Government and Agency Bonds	547.8	7.5
Pacific Investment Management Company Core Plus	385.0	5.2
TOTAL FIXED INCOME	\$1,477.0	20.1
EQUITY		
Consumer Discretionary	654.0	8.9
Consumer Staples	242.3	3.3
Energy	378.3	5.2
Financial Services	856.2	11.7
Health Care	554.6	7.6
Producer Durables	456.6	6.2
Information Technology	585.2	8.0
Materials	206.3	2.8
Utilities	189.9	2.6
Aberdeen Emerging Markets Smaller Companies Fund	88.2	1.2
Neuberger Berman Emerging Markets Equity Fund	109.0	1.5
GMO Foreign Small Companies Fund	132.3	1.8
Russell 2000 Index Fund iShares	6.4	—
Wellington Emerging Markets Local Equity Fund	91.2	1.2
TOTAL EQUITY	\$4,550.5	62.0
OTHER INVESTMENTS		
Alternative Investments	475.0	6.5
Real Estate	657.3	9.0
Cash and Cash Equivalents	174.2	2.4
TOTAL INVESTMENTS	\$7,334.0	100.0%

Net Position Held In Trust For Benefits
(in millions)



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NEW HAMPSHIRE RETIREMENT SYSTEM

ACTUARIAL SECTION

[CLICK HERE TO RETURN TO TABLE OF CONTENTS](#)

**ACTUARIAL
CERTIFICATION**

November 6, 2014

Board of Trustees
New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301-8509

Attention: Mr. George Lagos

Dear Board of Trustees:

The actuarial valuation report was prepared at the request of the Board of Trustees and is intended for use by the Retirement System for the purposes described below.

The basic financial objective of the New Hampshire Retirement System (NHRS) is to establish and receive pension contributions which:

- when expressed in terms of percents of active member payroll will remain approximately level from generation to generation; and
- when combined with present assets and future investment return will be sufficient to meet the financial obligations of NHRS to present and future retirees and beneficiaries.

The financial objective for medical subsidy benefits is to contribute the minimum amount necessary to maintain the benefit. The financial objectives are addressed within the biennial actuarial valuation. The valuation process develops pension contribution rates that are sufficient to fund the plan's current pension cost (i.e., the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund pension unfunded actuarial accrued liabilities as a level percent of active member payroll over a closed 30-year period beginning with the fiscal year ending June 30, 2010.

The most recent valuation was completed based upon population data, asset data, and plan provisions as of June 30, 2014. A draft copy of our valuation report was submitted to the Board on November 4, 2014. Contributions are established biennially for a two-year period. The June 30, 2014 actuarial report is an interim valuation which is not used for setting employer contribution rates. The final employer rates for Fiscal Years 2018 and 2019 will be computed in the June 30, 2015 actuarial valuation.

We have issued a separate report with reporting and disclosure information for GASB Statement No. 67 purposes.

The plan administrative staff provides the actuary with data for the actuarial valuation. The actuary relies on the data after reviewing it for internal and year to year consistency. The actuary summarizes and tabulates population data in order to analyze longer term trends.

The actuary prepared the following supporting schedules for the Comprehensive Annual Financial Report for the System's use in the Actuarial Section, the Statistical Section, Notes to the Financial Statements and Required Supplementary Information:

- Summary of Actuarial Assumptions
- Percent Retiring Within Next Year
- Probabilities of Becoming Disabled Within Next Year
- Percent Separating Within Next Year
- Individual Employee Pay Increases
- Retiree and Beneficiary Reconciliation
- Retiree and Beneficiary Age Distribution
- Active Members by Valuation Group
- Active Members Age and Service Distribution
- Historical Summary of Active Member Data
- Summary of Membership by Category

The Board of Trustees
November 6, 2014
Page 2

- Distribution of Retired Members by Year of Service
- Distribution of Retired Members by Type of Benefit
- Analysis of Financial Experience
- Schedule of Funding Progress
- Solvency Test
- Schedule of Employer Contributions
- Schedule of Net Pension Liability
- Sensitivity Analysis

The information provided in these schedules is based on our draft June 30, 2014 actuarial valuation report and GASB No. 67 report. These schedules are intended to be used in conjunction with the draft reports. Information in historical schedules prior to June 30, 2007 was provided by the previous actuary.

For funding purposes, assets are valued on a market related basis that recognizes each year's difference between actual and assumed investment return over a closed five-year period. For GASB No. 67 purposes, assets are reported on a market basis.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. These assumptions are adopted by the Board after considering the advice of the actuary and other professionals. The actuarial funding method is the Individual Entry Age Actuarial Cost Method, in compliance with NHRS State Statutes. The assumptions and the methods comply with the requirements of Statements No. 25, No. 67 and No. 43 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. Actuarial methods and assumptions were adopted by the Board pursuant to the June 30, 2010 Experience Study.

We certify that the information contained in the June 30, 2014 actuarial valuation report of the NHRS is accurate and fairly presents the actuarial position of the New Hampshire Retirement System as of June 30, 2014. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes RSA 100-A:16, 100-A:53, 100-A:53-b, 100-A:53-c, and 100-A:53-e.

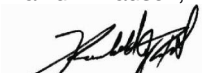
Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

The actuaries submitting this report are independent of the plan sponsor, are Members of the American Academy of Actuaries (M.A.A.A.), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,



David T. Kausch, F.S.A., E.A., M.A.A.A.



Randall J. Dziubek, A.S.A., M.A.A.A.



Heidi G. Barry, A.S.A., M.A.A.A.

Gabriel Roeder Smith & Company

**SUMMARY OF ACTUARIAL
ASSUMPTIONS AND
METHODS**

The actuarial methods and assumptions that were used in the development of the June 30, 2014 interim actuarial valuation are as follows. The June 30, 2014 interim actuarial valuation is not used to determine employer contributions.

VALUATION METHODS

PENSION

Actuarial Cost Methods – Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an *Individual Entry-Age Actuarial Cost Method* having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gain/(losses), as they occur, reduce (increase) the unfunded actuarial accrued liability.

Financing of Unfunded Actuarial Accrued Liabilities – unfunded actuarial accrued liabilities are amortized by level (principal and interest combined) percent-of-payroll contributions over 24 years from the contribution effective date of July 1, 2015 (FY 2016).

OPEB

- (i) Liabilities are determined under the entry-age actuarial cost method.
- (ii) Contribution rates to the 401(h) sub-trust are determined as the lesser of 25% of the employers' contributions or the actuarial required contribution rate that keeps the medical subsidy sub-trust solvent (the "solvency rate").

Actuarial Value of Assets – The actuarial value of assets recognizes assumed investment income fully each year. Differences between actual and assumed investment income are phased in over a closed 5 year period. During periods when investment performance exceeds the assumed rate, funding value of assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, funding value of assets will tend to be greater than market value. The funding value of assets is unbiased with respect to market value. At any time it may be either greater or less than market value. If assumed rates are exactly realized for 4 consecutive years, it will become equal to market value. Funding value was limited to a 20% corridor around the market value.

The actuarial value of assets was allocated to the pension and medical subsidy plans based on the market value of those plans. The actuarial value of assets was then further allocated to each fund (either pension or medical subsidy) based on the market value of those funds.

For purposes of determining the medical subsidy solvency rates, the Market Value of assets was used for all group funds due to the short time horizon before these closed group funds are expected to become pay-as-you-go.

DEVELOPMENT OF AMORTIZATION PAYMENT

The employer contribution rate determined by the June 30, 2014 interim valuation is illustrative for the 2018–19 biennium. The unfunded actuarial accrued liability (UAAL) was determined using the funding value of assets and actuarial accrued liability calculated as of the valuation date. The UAAL amortization payment (one component of the contribution requirement), is the level percent of pay required to fully amortize the UAAL over a 24 year period beginning on July 1, 2015. This UAAL payment reflects any payments expected to be made and interest to be accrued between the valuation date and the date contributions determined by this report are scheduled to begin. It was assumed that the entire pension contribution determined by the June 30, 2011 valuation effective from July 1, 2013 to June 30, 2015 would be contributed to the net pension position.

ECONOMIC ASSUMPTIONS

The investment return rate assumed in the valuation is 7.75% per year, compounded annually (net after investment expenses). The investment return rate assumed in the medical subsidy valuations is 3.75% per year, compounded annually (net after investment expenses) for purposes of computing accrued liabilities and other disclosures required by GASB Statement No. 43. However, for determining the solvency contribution rate for the medical subsidy account, the investment return rate assumption was 7.75% on the market value of assets.

The wage inflation rate assumed in this valuation was 3.75% per year. The wage inflation rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

No specific price inflation assumption is required to perform this valuation, since there are no benefits that are linked to price increases. However, a price inflation assumption on the order of 3.0% would be consistent with the other economic assumptions.

The assumed real rate of return over wage inflation is defined to be the portion of total investment return that is more than the assumed total wage growth rate. Considering other economic assumptions, the 7.75% investment return rate translates to an assumed real rate of return over wage inflation of 4.00%. The assumed real rate of return over price inflation would be higher — on the order of 4.75%, considering both an inflation assumption and an average expense provision.

The active member population is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll is assumed to grow at the wage inflation rate — 3.75% per year.

Pay increase assumptions for individual active members are shown for sample ages on pages 81–86. Part of the assumption for each age is for merit and/or seniority increase, and the other 3.75% recognizes wage inflation, including price inflation, productivity increases, and other macro economic forces.

TECHNICAL ASSUMPTIONS

Administrative & Investment Expenses	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the prior year's administrative expenses. Assumed administrative expenses are added to the Normal Cost, and were 0.35% of payroll in the June 30, 2014 interim valuation.
Benefit Service	Exact fractional service is used to determine the amount of benefit payable.
COLA	None assumed.
Decrement Operation	Disability and withdrawal do not operate during normal retirement eligibility.
Decrement Timing	Normal and early retirement decrements for the Teachers group are assumed to occur at the beginning of the year. All other decrements were assumed to occur mid-year.
Eligibility Testing	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Forfeitures	It is assumed that 25% of members who quit before retirement with 10–15 years of service will elect to refund and forfeit their pension.
Incidence of Contributions	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll at the time contributions are made.
Liability Adjustments	Normal, early, and vesting retirement liabilities are increased by 9.0%, 7.0%, 12.0%, and 12.0% for Employees, Teachers, Police, and Fire respectively to account for lump sum payments. Members hired after July 1, 2011 or who have non-vested status as of January 1, 2012 are assumed to have no adjustment for end of career payments.
Marriage Assumption	Group I: 70% of males and 70% of females are assumed to be married for purposes of death-in-service benefits. Group II: 50% of males and 50% of females are assumed to be married for purposes of death-in-service and death after retirement benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.

Normal Form of Benefit	Group I: The assumed normal form of benefit is a straight life benefit. Group II: The assumed normal form of benefit is straight life for single members and joint and 50% survivor for married members.
Pay Increase Timing	Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
Service Credit Accruals	It is assumed that members accrue one year of service credit per year.
Data Adjustments	For the June 30, 2014 interim valuation, new active member pays were annualized.
Medical Subsidy	The solvency rate for the medical subsidy benefits were determined to provide an estimated margin of 20% of the benefits payable by June 30, 2016.

GROUP I – EMPLOYEES

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and vesting, death, disability, and normal retirement are as follows:

		Annual Rate of					
		Withdrawal and Vesting		Death*		Disability**	
Age	Years of Service	Men	Women	Men	Women	Men	Women
	0	30.00%	30.00%				
	1	22.00	22.00				
	2	16.00	16.00				
	3	12.00	12.00				
	4	8.00	8.00				
25	5+	5.00	8.00	.04%	.02%	.02%	.01%
30		5.00	8.00	.04	.02	.02	.02
35		5.00	5.60	.05	.03	.03	.02
40		5.00	5.60	.08	.04	.08	.05
45		5.00	5.60	.12	.06	.15	.09
50		5.00	4.40	.18	.08	.25	.19
55		5.00	4.00	.25	.13	.43	.35
60		5.00	4.00	—	—	—	—

Annual Rate of Normal Retirement				
For Members Hired Prior to July 1, 2011			For Members Hired On or After July 1, 2011	
Age	Men	Women	Men	Women
60	12.00%	12.00%	—	—
61	12.00	12.00	—	—
62	17.00	15.00	—	—
63	16.00	15.00	—	—
64	15.00	15.00	—	—
65	15.00	20.00	46.00%	45.00%
66	25.00	20.00	46.00	45.00
67	20.00	20.00	20.00	20.00
68	20.00	16.00	20.00	16.00
69	20.00	17.00	20.00	17.00
70	100.00	100.00	100.00	100.00

*98% are assumed to be ordinary death and 2% are assumed to be accidental death.
 **50% are assumed to be ordinary disability and 50% are assumed to be accidental disability.

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows:

Service Index	Merit & Seniority	Base	Annual Rate of Salary Increases
1	7.55%	3.75%	11.30%
2	5.25	3.75	9.00
3	3.55	3.75	7.30
4	2.25	3.75	6.00
5	1.75	3.75	5.50
6	1.55	3.75	5.30
7–25	0.75	3.75	4.50

DEATHS AFTER RETIREMENT:

MORTALITY RATE			MORTALITY RATE		
AGE	MEN	WOMEN	AGE	MEN	WOMEN
35	.07%	.04%	60	.49%	.46%
40	.09	.05	65	.96	.88
45	.12	.08	70	1.64	1.52
50	.15	.12	75	2.85	2.39
55	.25	.23	80	5.27	3.99

GROUP I – TEACHERS

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and vesting, death, disability, and normal retirement are as follows:

Age	Years of Service	Annual Rate of					
		Withdrawal and Vesting		Death*		Disability**	
		Men	Women	Men	Women	Men	Women
	0	35.00%	33.00%				
	1	17.00	18.00				
	2	14.00	13.00				
	3	10.00	11.00				
	4	8.00	9.00				
25	5+	3.50	4.50	.01%	.01%	.01%	.00%
30		3.50	4.50	.02	.01	.01	.00
35		3.50	4.50	.03	.02	.01	.00
40		3.50	4.50	.04	.02	.02	.02
45		3.50	4.50	.05	.03	.04	.02
50		3.50	4.50	.07	.05	.08	.05
55		3.50	4.50	.11	.09	.18	.14
60		3.50	4.50	—	—	—	—

*98% are assumed to be ordinary death and 2% are assumed to be accidental death.

**50% are assumed to be ordinary disability and 50% are assumed to be accidental disability.

Age	Annual Rate of Normal Retirement			
	For Members Hired Prior to July 1, 2011		For Members Hired On or After July 1, 2011	
	Men	Women	Men	Women
60	20.50%	17.00%	—	—
61	22.00	18.00	—	—
62	23.00	22.00	—	—
63	24.00	23.00	—	—
64	25.00	24.00	—	—
65	26.00	25.00	60.00%	60.00%
66	27.00	30.00	50.00	60.00
67	28.00	24.00	40.00	24.00
68	29.00	28.00	30.00	28.00
69	30.00	29.00	30.00	29.00
70	100.00	100.00	100.00	100.00

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows:

Service Index	Merit & Seniority	Base	Annual Rate of Salary Increases
1	6.00%	3.75%	9.75%
2	4.00	3.75	7.75
3	3.00	3.75	6.75
4	2.50	3.75	6.25
5	2.50	3.75	6.25
6	2.20	3.75	5.95
7	1.70	3.75	5.45
8	1.40	3.75	5.15
9	1.20	3.75	4.95
10	1.20	3.75	4.95
11	1.00	3.75	4.75
12	1.00	3.75	4.75
13–22	0.80	3.75	4.55
23–25	0.70	3.75	4.45

DEATHS AFTER RETIREMENT:

MORTALITY RATE			MORTALITY RATE		
AGE	MEN	WOMEN	AGE	MEN	WOMEN
35	.07%	.04%	60	.49%	.46%
40	.09	.05	65	.96	.88
45	.12	.08	70	1.64	1.52
50	.15	.12	75	2.85	2.39
55	.25	.23	80	5.27	3.99

GROUP II – POLICE OFFICERS

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal, vesting, death, disability, and retirement are as follows:

Age	Years of Service	Annual Rate of					
		Withdrawal and Vesting		Death*		Disability**	
		Men	Women	Men	Women	Men	Women
	0	30.00%	40.00%				
	1	15.00	17.00				
	2	9.00	14.00				
	3	6.00	11.00				
	4	4.00	9.00				
25	5+	4.00	4.00	.01%	.01%	.04%	.02%
30		4.00	4.00	.02	.01	.04	.02
35		4.00	4.00	.03	.01	.08	.05
40		4.00	4.00	.03	.02	.18	.12
45		4.00	4.00	.04	.03	.32	.21
50		4.00	4.00	.06	.05	.50	.34
55		4.00	4.00	.09	.09	.75	.50
60		4.00	4.00	—	—	—	—

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows:

Service Index	Merit & Seniority	Base	Annual Rate of Salary Increases
1	20.40%	3.75%	24.15%
2	10.40	3.75	14.15
3	7.90	3.75	11.65
4	5.40	3.75	9.15
5	2.90	3.75	6.65
6	2.90	3.75	6.65
7	1.20	3.75	4.95
8	0.90	3.75	4.65
9–10	0.70	3.75	4.45
11–12	0.60	3.75	4.35
13–20	0.50	3.75	4.25
21–25	0.40	3.75	4.15

DEATHS AFTER RETIREMENT:

AGE	MORTALITY RATE		AGE	MORTALITY RATE	
	MEN	WOMEN		MEN	WOMEN
35	.07%	.04%	60	.49%	.46%
40	.09	.05	65	.96	.88
45	.12	.08	70	1.64	1.52
50	.15	.12	75	2.85	2.39
55	.25	.23	80	5.27	3.99

NORMAL RETIREMENT						
For Members Hired Prior to July 1, 2011 Who Have Vested Status as of January 1, 2012			For Members Hired on or After July 1, 2011 and for Members Hired Prior to July 1, 2011 Who Have Non-Vested Status as of January 1, 2012			
Retirement Ages	% of Active Members Retiring Within Next Year	Age 46 with 21 years	Age 47 with 22 years	Age 48 with 23 years	Age 49 with 24 years	Age 50 with 25 years
45	25%					
46	25%	28%				
47	25%	28%	35%			
48	25%	28%	35%	35%		
49	25%	28%	30%	35%	40%	
50	25%	28%	30%	35%	40%	50%
51	25%	28%	30%	35%	40%	50%
52	25%	28%	30%	35%	40%	50%
53	30%	30%	30%	35%	35%	35%
54	30%	30%	30%	35%	35%	35%
55	30%	30%	30%	30%	35%	35%
56	25%	25%	25%	25%	25%	25%
57	25%	25%	25%	25%	25%	25%
58	30%	30%	30%	30%	30%	30%
59	25%	25%	25%	25%	25%	25%
60	25%	25%	25%	25%	25%	25%
61	20%	20%	20%	20%	20%	20%
62	20%	20%	20%	20%	20%	20%
63	25%	25%	25%	25%	25%	25%
64	25%	25%	25%	25%	25%	25%
65	25%	25%	25%	25%	25%	25%
66	100%	100%	100%	100%	100%	100%

GROUP II – FIREFIGHTERS

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and vesting, death, disability, and retirement are as follows:

Age	Years of Service	Annual Rate of					
		Withdrawal and Vesting		Death*		Disability**	
		Men	Women	Men	Women	Men	Women
	0	8.00%	8.00%				
	1	6.00	6.00				
	2	4.50	4.50				
	3	3.00	3.00				
	4	2.00	2.00				
25	5+	1.50	1.50	.01%	.00%	.04%	.02%
30		1.50	1.50	.01	.01	.05	.02
35		1.50	1.50	.02	.01	.06	.02
40		1.50	1.50	.02	.01	.11	.08
45		1.50	1.50	.03	.02	.23	.08
50		1.50	1.50	.04	.03	.54	.33
55		1.50	1.50	.06	.06	1.21	.33
60		1.50	1.50	—	—	—	—

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows:

Service Index	Merit & Seniority	Base	Annual Rate of Salary Increases
1	20.80%	3.75%	24.55%
2	10.80	3.75	14.55
3	8.30	3.75	12.05
4	5.80	3.75	9.55
5	3.30	3.75	7.05
6	3.30	3.75	7.05
7	1.60	3.75	5.35
8	1.30	3.75	5.05
9–10	1.10	3.75	4.85
11–12	1.00	3.75	4.75
13–20	0.90	3.75	4.65
21–25	0.80	3.75	4.55

DEATHS AFTER RETIREMENT:

AGE	MORTALITY RATE		AGE	MORTALITY RATE	
	MEN	WOMEN		MEN	WOMEN
35	.07%	.04%	60	.49%	.46%
40	.09	.05	65	.96	.88
45	.12	.08	70	1.64	1.52
50	.15	.12	75	2.85	2.39
55	.25	.23	80	5.27	3.99

NORMAL RETIREMENT

Retirement Ages	% of Active Members Retiring Within Next Year	For Members Hired on or After July 1, 2011 and for Members Hired Prior to July 1, 2011 Who Have Non-Vested Status as of January 1, 2012				
		Age 46 with 21 years	Age 47 with 22 years	Age 48 with 23 years	Age 49 with 24 years	Age 50 with 25 years
45	15%					
46	12%	15%				
47	12%	15%	17%			
48	12%	15%	17%	21%		
49	12%	15%	17%	21%	25%	
50	15%	15%	18%	21%	25%	32%
51	15%	15%	18%	21%	25%	32%
52	15%	15%	18%	21%	25%	32%
53	25%	25%	25%	25%	25%	25%
54	20%	20%	20%	20%	20%	20%
55	30%	30%	30%	30%	30%	30%
56	30%	30%	30%	30%	30%	30%
57	25%	25%	25%	25%	25%	25%
58	25%	25%	25%	25%	25%	25%
59	25%	25%	25%	25%	25%	25%
60	25%	25%	25%	25%	25%	25%
61	40%	40%	40%	40%	40%	40%
62	30%	30%	30%	30%	30%	30%
63	30%	30%	30%	30%	30%	30%
64	30%	30%	30%	30%	30%	30%
65	100%	100%	100%	100%	100%	100%

**HISTORICAL MEMBERSHIP DATA –
ACTIVE AND RETIRED**

The following 4 tables summarize the actuarial valuation data for the period from 2009 through 2013. Valuations are prepared biennially. An interim valuation was prepared in fiscal year 2008, 2010 and in fiscal year 2012.

EMPLOYEES (aggregate compensation and annual allowance dollars in thousands)

ACTIVE MEMBERSHIP DATA

FISCAL YEAR	NUMBER OF ACTIVES***	AGGREGATE COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
2014	25,545	\$1,088,508	\$ 44,347	1.94%
2013	24,809	1,079,245	43,502	(0.03%)
2012	24,747	1,076,831	43,514	(0.23%)
2011	25,539	1,113,867	43,614	3.68%
2010	25,987	1,093,147	42,065	2.72%
2009	26,352	1,079,157	40,952	7.47%

RETIRED MEMBERSHIP DATA

FISCAL YEAR	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS END OF YEAR		% INCREASE IN ANNUAL ALLOWANCES
	NO.*	ANNUAL** ALLOWANCES (IN DOLLARS)	NO.*	ANNUAL** ALLOWANCES (IN DOLLARS)	NO.*	ANNUAL** ALLOWANCES	
2014	1,094	\$15,784	492	\$5,431	15,314	\$198,045	5.52%
2013	1,110	16,335	539	6,699	14,712	187,692	5.41%
2012	1,111	14,711	457	4,890	14,141	178,056	5.84%
2011	1,113	16,521	428	4,578	13,487	168,235	7.64%
2010	1,070	18,300	460	4,624	12,802	156,292	9.59%
2009	934	14,703	322	3,864	12,192	142,616	8.23%

TEACHERS (aggregate compensation and annual allowance dollars in thousands)

ACTIVE MEMBERSHIP DATA

FISCAL YEAR	NUMBER OF ACTIVES***	AGGREGATE COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
2014	17,986	\$1,033,867	\$ 57,482	(0.04%)
2013	18,084	1,039,934	57,506	0.75%
2012	18,161	1,036,605	57,079	1.70%
2011	18,466	1,036,376	56,123	2.28%
2010	18,603	1,020,745	54,870	2.30%
2009	18,709	1,003,514	53,638	3.73%

RETIRED MEMBERSHIP DATA

FISCAL YEAR	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS END OF YEAR		% INCREASE IN ANNUAL ALLOWANCES
	NO.*	ANNUAL** ALLOWANCES (IN DOLLARS)	NO.*	ANNUAL** ALLOWANCES (IN DOLLARS)	NO.*	ANNUAL** ALLOWANCES	
2014	744	\$17,222	186	\$4,802	10,965	\$234,663	5.59%
2013	698	15,844	247	5,860	10,407	222,243	4.70%
2012	712	16,420	183	5,150	9,956	212,259	5.61%
2011	504	10,402	164	3,644	9,427	200,989	3.48%
2010	849	22,231	269	5,199	9,087	194,231	9.61%
2009	1,001	26,668	148	3,214	8,507	177,199	15.26%

* Includes beneficiaries in receipt but excludes deferred vested terminations.

** Includes additional COLA allowances. The benefit amounts shown are the monthly benefits as of the valuation date annualized and are not the actual benefits paid during the fiscal year.

*** Excludes temporary inactive members.

POLICE OFFICERS (aggregate compensation and annual allowance dollars in thousands)

ACTIVE MEMBERSHIP DATA

FISCAL YEAR	NUMBER OF ACTIVES**	AGGREGATE COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
2014	4,166	\$ 270,497	\$ 64,930	1.91%
2013	4,187	266,775	63,715	0.20%
2012	4,118	261,865	63,590	1.20%
2011	4,130	259,509	62,835	2.86%
2010	4,231	258,472	61,090	2.27%
2009	4,318	257,934	59,735	5.92%

RETIRED MEMBERSHIP DATA

FISCAL YEAR	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS END OF YEAR		% INCREASE IN ANNUAL ALLOWANCES
	NO.*	ANNUAL** ALLOWANCES (IN DOLLARS)	NO.*	ANNUAL** ALLOWANCES (IN DOLLARS)	NO.*	ANNUAL** ALLOWANCES	
2014	178	\$ 6,420	59	\$ 1,304	3,282	\$ 115,374	4.64%
2013	247	8,189	65	1,464	3,163	110,258	6.50%
2012	171	6,977	70	1,008	2,981	103,533	6.12%
2011	237	10,730	59	1,133	2,880	97,564	10.46%
2010	189	7,711	52	1,413	2,702	88,327	7.68%
2009	157	7,235	28	627	2,565	82,029	8.76%

FIREFIIGHTERS (aggregate compensation and annual allowance dollars in thousands)

ACTIVE MEMBERSHIP DATA

FISCAL YEAR	NUMBER OF ACTIVES**	AGGREGATE COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
2014	1,610	\$ 115,027	\$ 71,445	(0.78%)
2013	1,608	115,788	72,007	2.39%
2012	1,599	112,456	70,329	4.36%
2011	1,603	108,028	67,391	1.75%
2010	1,646	109,020	66,233	1.67%
2009	1,653	107,682	65,143	10.25%

RETIRED MEMBERSHIP DATA

FISCAL YEAR	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS END OF YEAR		% INCREASE IN ANNUAL ALLOWANCES
	NO.*	ANNUAL** ALLOWANCES (IN DOLLARS)	NO.*	ANNUAL** ALLOWANCES (IN DOLLARS)	NO.*	ANNUAL** ALLOWANCES	
2014	89	\$ 2,774	43	\$ 1,139	1,493	\$ 54,587	3.09%
2013	98	3,497	27	715	1,447	52,952	5.55%
2012	79	3,105	39	495	1,376	50,170	5.49%
2011	111	5,051	29	696	1,336	47,560	10.08%
2010	53	2,490	36	766	1,254	43,205	4.16%
2009	60	2,628	23	644	1,237	41,481	5.02%

* Includes beneficiaries in receipt but excludes deferred vested terminations.

** Includes additional COLA allowances. The benefit amounts shown are the monthly benefits as of the valuation date annualized and are not the actual benefits paid during the fiscal year.

*** Excludes temporary inactive members.

TOTAL OF ALL GROUPS (dollars in thousands)							
Fiscal Year	Projected Liabilities For			Net Position Held For Benefits	Percentage of Accrued Liabilities Covered By Net Position Held for Benefits		
	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)*		(1)	(2)	(3)
2014	\$2,842,340	\$5,789,052	\$2,413,782	\$6,700,553	100.00%	67.00%	0.00%
2013	\$2,808,526	\$5,519,814	\$2,380,428	\$6,070,681	100.00%	59.00%	0.00%
2012	\$2,773,081	\$5,246,672	\$2,341,847	\$5,817,882	100.00%	58.00%	0.00%
2011	\$2,631,430	\$4,959,865	\$2,406,956	\$5,740,516	100.00%	63.00%	0.00%
2010	\$2,553,612	\$4,378,205	\$2,022,115	\$5,233,838	100.00%	61.00%	0.00%
2009	\$2,393,635	\$4,012,274	\$2,069,143	\$4,937,320	100.00%	63.00%	0.00%

EMPLOYEES (dollars in thousands)							
Fiscal Year	Projected Liabilities For			Net Position Held For Benefits	Percentage of Accrued Liabilities Covered By Net Position Held for Benefits		
	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)*		(1)	(2)	(3)
2014	\$1,083,878	\$1,823,517	\$784,437	\$2,195,284	100.00%	61.00%	0.00%
2013	\$1,069,628	\$1,729,855	\$755,482	\$1,977,479	100.00%	52.00%	0.00%
2012	\$1,052,106	\$1,641,026	\$756,255	\$1,877,395	100.00%	50.00%	0.00%
2011	\$995,389	\$1,548,109	\$810,983	\$1,834,609	100.00%	54.00%	0.00%
2010	\$955,735	\$1,344,902	\$680,958	\$1,721,002	100.00%	57.00%	0.00%
2009	\$899,364	\$1,217,430	\$666,232	\$1,600,150	100.00%	58.00%	0.00%

TEACHERS (dollars in thousands)							
Fiscal Year	Projected Liabilities For			Net Position Held For Benefits	Percentage of Accrued Liabilities Covered By Net Position Held for Benefits		
	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)*		(1)	(2)	(3)
2014	\$1,113,650	\$2,198,892	\$966,511	\$2,482,496	100.00%	62.00%	0.00%
2013	\$1,107,192	\$2,087,926	\$977,937	\$2,255,011	100.00%	55.00%	0.00%
2012	\$1,101,262	\$1,999,152	\$949,670	\$2,173,315	100.00%	50.00%	0.00%
2011	\$1,041,699	\$1,893,862	\$973,407	\$2,153,182	100.00%	59.00%	0.00%
2010	\$998,775	\$1,770,635	\$783,710	\$2,049,651	100.00%	59.00%	0.00%
2009	\$926,049	\$1,608,341	\$855,367	\$1,957,103	100.00%	64.00%	0.00%

* Liabilities for active members are based on service as of the valuation date and projected compensation at the member's expected retirement date. Also includes terminated vested members.

NOTE: Based on a 7.75% interest rate for fiscal year 2011 and later, and an 8.5% interest rate for fiscal years 2009 and 2010.

POLICE OFFICERS							
(dollars in thousands)							
Fiscal Year	Projected Liabilities For				Percentage of Accrued Liabilities Covered By Net Position Held for Benefits		
	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)*	Net Position Held For Benefits	(1)	(2)	(3)
2014	\$ 422,972	\$1,209,741	\$454,133	\$ 1,361,280	100.00%	78.00%	0.00%
2013	\$ 417,630	\$1,160,173	\$438,580	\$ 1,236,579	100.00%	71.00%	0.00%
2012	\$ 411,672	\$1,092,005	\$949,670	\$ 1,189,308	100.00%	71.00%	0.00%
2011	\$396,344	\$1,030,900	\$432,256	\$ 1,179,798	100.00%	76.00%	0.00%
2010	\$397,440	\$ 851,136	\$386,621	\$ 997,325	100.00%	70.00%	0.00%
2009	\$381,273	\$ 790,433	\$378,409	\$ 940,825	100.00%	71.00%	0.00%

FIREFIIGHTERS							
(dollars in thousands)							
Fiscal Year	Projected Liabilities For				Percentage of Accrued Liabilities Covered By Net Position Held for Benefits		
	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)*	Net Position Held For Benefits	(1)	(2)	(3)
2014	\$ 221,840	\$556,902	\$208,701	\$ 661,493	100.00%	79.00%	0.00%
2013	\$ 214,076	\$541,860	\$208,430	\$ 601,612	100.00%	72.00%	0.00%
2012	\$ 208,041	\$514,489	\$203,805	\$ 577,864	100.00%	72.00%	0.00%
2011	\$ 197,998	\$486,994	\$190,310	\$ 572,927	100.00%	77.00%	0.00%
2010	\$ 201,661	\$411,532	\$170,827	\$ 465,861	100.00%	64.00%	0.00%
2009	\$ 186,949	\$396,070	\$169,135	\$ 439,241	100.00%	64.00%	0.00%

* Liabilities for active members are based on service as of the valuation date and projected compensation at the member's expected retirement date. Also includes terminated vested members.

NOTE: Based on a 7.75% interest rate for fiscal year 2011 and later, and an 8.5% interest rate for fiscal years 2009 and 2010.

**ANALYSIS OF PAST
FINANCIAL EXPERIENCE**

This presentation shows the experience of actual financial results relative to expected results. It is an analysis which focuses on actuarial gains and losses over the most recent five actuarial valuations and reconciles the difference in the actuarial normal contribution rates from the expected to actual values.

RECONCILIATION OF EMPLOYER NORMAL RATE *

EMPLOYEES

YEAR ENDED	June 30, 2013		June 30 2011	June 30 2009	June 30 2007	June 30 2005
	State Employees	Political Subdivision Employees				
Projected Normal Rate*	10.51%	10.44%	10.71%	9.09%	8.74%	6.06%
Decremental Experience	—	—	—	—	—	.02
Pensioner's Experience	—	—	—	—	—	.02
Excess Salary Increases	—	—	—	—	—	(.01)
Method Change	—	—	—	—	0.98	—
Effect of Legislation	—	—	(1.95)	(0.15)	(0.57)	—
Asset (Gains)/Losses	0.52	0.52	0.31	1.18	(0.36)	.79
Current New Entrants	—	—	—	—	—	.04
Amendments	—	—	—	—	—	—
Target Rate System Experience	—	—	—	—	—	1.03
Assumption Changes	—	—	1.01	—	0.41	.39
Other (Gains)/Losses	(0.17)	(0.10)	0.36	0.59	(0.11)	.40
ACTUAL NORMAL RATE	10.86%	10.86%	10.44%	10.71%	9.09%	8.74%

TEACHERS

YEAR ENDED	June 30 2013	June 30 2011	June 30 2009	June 30 2007	June 30 2005
Projected Normal Rate *	11.96%	11.51%	9.38%	8.93%	4.67%
Decremental Experience	—	—	—	—	(.01)
Pensioner's Experience	—	—	—	—	—
Excess Salary Increases	—	—	—	—	.09
Method Change	—	—	—	0.82	—
Effect of Legislation	—	(2.27)	—	(0.72)	—
Asset (Gains)/Losses	0.61	0.39	1.55	(0.46)	1.52
Current New Entrants	—	—	—	—	.02
Amendments	—	—	—	—	—
Target Rate System Experience	—	—	—	—	1.14
Assumption Changes	—	2.05	—	0.80	.90
Other (Gains)/Losses	0.15	0.28	0.58	0.01	.60
ACTUAL NORMAL RATE	12.72%	11.96%	11.51%	9.38%	8.93%

* Based on forecast valuations.

This presentation shows the experience of actual financial results relative to expected results. It is an analysis which focuses on actuarial gains and losses over the most recent five actuarial valuations and reconciles the difference in the actuarial normal contribution rates from the expected to actual values.

RECONCILIATION OF EMPLOYER NORMAL RATE *

POLICE OFFICERS

YEAR ENDED	June 30, 2013		June 30 2011	June 30 2009	June 30 2007	June 30 2005
	State Police Officers	Political Subdivision Police Officers				
Projected Normal Rate *	21.45%	21.35%	22.92%	17.34%	18.21%	12.33%
Decremental Experience	—	—	—	—	—	.38
Pensioner's Experience	—	—	—	—	—	.01
Excess Salary Increases	—	—	—	—	—	(.12)
Method Change	—	—	—	—	1.11	—
Effect of Legislation	—	—	(7.15)	—	(2.17)	—
Asset (Gains)/Losses	1.31	1.31	0.85	2.89	(0.90)	1.85
Current New Entrants	—	—	—	—	—	.16
Amendments	—	—	—	—	—	—
Target Rate System Experience	—	—	—	—	—	1.47
Assumption Changes	—	—	4.00	—	0.31	2.08
Other Asset (Gains)/Losses	(0.22)	(0.12)	0.73	2.69	0.78	.05
ACTUAL NORMAL RATE	22.54%	22.54%	21.35%	22.92%	17.34%	18.21%

FIREFIIGHTERS

YEAR ENDED	June 30, 2013		June 30 2011	June 30 2009	June 30 2007	June 30 2005
	State Firefighters	Political Subdivision Firefighters				
Projected Normal Rate *	23.90%	23.79%	28.25%	22.52%	24.49%	16.31%
Decremental Experience	—	—	—	—	—	.04
Pensioner's Experience	—	—	—	—	—	(.06)
Excess Salary Increases	—	—	—	—	—	.17
Method Change	—	—	—	—	2.48	—
Effect of Legislation	—	—	(8.58)	—	(2.61)	—
Asset (Gains)/Losses	1.46	1.46	0.99	3.24%	(1.05)	2.23
Current New Entrants	—	—	—	—	—	.14
Amendments	—	—	—	—	—	—
Target Rate System Experience	—	—	—	—	—	6.22
Assumption Changes	—	—	3.39	—	0.21	(.32)
Other Asset (Gains)/Losses	(0.04)	0.07	(0.26)	2.49%	(1.00)	(.24)
ACTUAL NORMAL RATE	25.32%	25.32%	23.79%	28.25%	22.52%	24.49%

* Based on forecast valuations.

**SUMMARY OF PRINCIPAL PLAN
PROVISIONS AS INTERPRETED FOR
VALUATION PURPOSES**

1 – GENERAL

Legal Plan Name	New Hampshire Retirement System.
Effective Date	July 1, 1967.
Membership	Prospectively, any employee or teacher becomes a Group I member as a condition of employment. Any employee appointed to an unclassified position with no fixed term on or after July 1, 2011 will also become a member of the retirement system as a condition of employment. Membership is optional for elected officials, officials appointed for fixed terms, unclassified state employees with no fixed term prior to July 1, 2011 or employees of the general court.
Average Final Compensation (AFC)	Average annual earnable compensation during highest 3 years of creditable service. For active members who commenced service on or after July 1, 2011 or who have non-vested status on or after January 1, 2012 – Average annual earnable compensation during the highest 5 years of creditable service.
NOTE:	A more detailed description of the plan provisions is available from the System's administrative office or by visiting www.nhrs.org .

2 – BENEFITS

GROUP I MEMBERS (EMPLOYEES AND TEACHERS)

Service Retirement

Eligibility	Age 60 years (age 65 for members commencing service on or after July 1, 2011).
Amount of Benefit	A member annuity equal to the actuarial equivalent of the member's accumulated contributions plus a state annuity. Prior to the member's attainment of age 65, the state annuity, together with the member annuity, shall be equal to 1/60 of AFC multiplied by years of service. (1/66 of AFC times creditable service for members commencing service on or after July 1, 2011.) After attainment of age 65, the state annuity, together with the member annuity, shall be equal to 1/66 of AFC multiplied by years of service.

Reduced Service Retirement

Eligibility	Age plus service of at least 70, provided the member has at least 20 years of service or age 50 with at least 10 years of service (age 60 with 30 years of creditable service for members commencing service on or after July 1, 2011).
Amount of Benefit	Service retirement benefit is reduced by the following percents for each month that benefits commence prior to age 60.

Years of Service at Retirement	Monthly Percent Reduction
35 or more	1/8 of 1%
30–35	1/4 of 1%
25–30	1/3 of 1%
20–25	5/12 of 1%
less than 20	5/9 of 1%

For members commencing service on or after July 1, 2011, normal retirement benefit is reduced 1/4 or 1% for each month prior to age 65.

Ordinary Disability Retirement

Eligibility	10 years of service and permanent disability.
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Amount of Benefit Service retirement benefit if normal retirement age. Under age 60 a member annuity plus a state annuity which together equals 1.5% of AFC multiplied by the number of years of creditable service at the time of disability; provided that the benefit shall not be less than 25% of AFC.

Accidental Disability Retirement

Eligibility Permanently disabled due to accident occurring while in the performance of duty.

Amount of Benefit Service retirement benefit if age 60, otherwise a member annuity plus a state annuity which together equals 50% of AFC; provided that the benefit shall not be less than 50% of AFC.

Ordinary Death Benefit

Eligibility Death, other than accidental death.

Amount of Benefit

- (a) If 10 years of service or if eligible for service retirement and,
 - (i) if survived by a spouse, 50% of the service retirement benefit payable until death or remarriage;
 - (ii) if no surviving spouse or member designated a beneficiary other than a spouse, a lump sum equal to the greater of \$3,600 or the member's annual compensation.
- (b) If less than 10 years of service and if not eligible for service retirement, a lump sum equal to the greater of \$3,600 or the member's annual compensation.

Accidental Death Benefit

Eligibility Accidental death occurring while in the performance of duty.

Amount of Benefit Benefit equal to 50% of AFC.

Vested Deferred Retirement

Eligibility 10 years of service, if no withdrawal of contributions.

Amount of Benefit Payable at age 60, a member annuity plus a state annuity which together equals the service retirement benefit that would be payable after age 60. The benefit changes at age 65 as for service retirement. At any time after attainment of age 50 (age 60 for members hired on or after July 1, 2011), a member may have his benefit commence early, however, the benefit will be reduced for early commencement using the same early retirement reduction factors as described under reduced service retirement.

Return of Members' Contributions

- (a) Upon termination of service other than for retirement or death, and if vested deferred retirement benefit has not been elected, the member's accumulated contributions are returned to him.
- (b) Upon accidental death or upon other death for which no surviving spouse's benefit is payable, the member's accumulated contributions will be paid to the member's beneficiary or estate.
- (c) Upon death prior to age 60 of a member on deferred vested retirement, the member's accumulated contributions will be paid to the member's beneficiary or estate.
- (d) Upon death of a retired member (or the survivor of a retired member, if an optional benefit was elected), the excess of his accumulated contributions at retirement over the benefits re-

ceived by the retired member (and, in the case of election of an optional benefit, the benefits received by the survivor) will be paid to the beneficiary or estate of the member.

Special Provisions Applicable to Certain Members Transferred from the Employees' Retirement System of the State of New Hampshire

Certain employee members transferred to the New Hampshire Retirement System effective January 1, 1976 have elected to have their benefits calculated on the basis of the provisions of the Predecessor System.

GROUP II MEMBERS (POLICE OFFICERS AND FIREFIGHTERS)

Service Retirement

Eligibility Age 45 and 20 years of creditable service or age 60 (age 52.5 with 25 years of creditable service or age 60 for members commencing service on or after July 1, 2011).

Amount of Benefit A member annuity that is the actuarial equivalent of the member's accumulated contributions plus a state annuity.
The state annuity, together with the member annuity, shall be equal to 2-1/2% of AFC times creditable service up to 40 years (2% of AFC times creditable service up to 42.5 years for members commencing service on or after July 1, 2011). However, a member who commenced service on or after July 1, 2011 shall not receive a service retirement allowance until attaining the age of 52.5.

Members hired prior to July 1, 2011 who have non-vested status as of January 1, 2012 shall be subject to the following transition provisions for years of service required for regular service retirement, the minimum age for regular service retirement, and the multiplier used to calculate the retirement annuity, which shall be applicable on January 1, 2012 according to the following table:

Creditable Service on January 1, 2012	Minimum Years of Service	Minimum Age Attained	Annuity Multiplier
(1) Less than 4 years	24 Years	Age 49	2.1%
(2) At least 4 years but less than 6 years	23 Years	Age 48	2.2%
(3) At least 6 years but less than 8 years	22 Years	Age 47	2.3%
(4) At least 8 years but less than 10 years	21 Years	Age 46	2.4%

Effective July 1, 1992, if a member retires on a full service retirement, the minimum annual benefit (prior to reduction for optional form of payment) is \$10,000.

Reduced Service Retirement

Eligibility Members commencing service on or after July 1, 2011 after attaining age 52.5 with at least 25 years of creditable service.

Amount of Benefit The allowance shall be reduced for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age, by 1/4 of 1%.

Ordinary Disability Retirement

Eligibility 10 years service and permanent disability.

Amount of Benefit A member annuity plus a state annuity which together equals the service retirement benefit; provided that the benefit shall not be less than 25% of the member's annual compensation.

Accidental Disability Retirement

Eligibility	Permanent disability occurring while in the performance of duty.
Amount of Benefit	Members hired prior to July 1, 2011 who have vested status as of January 1, 2012 are eligible for an accidental disability benefit and shall receive a benefit equal to 2/3 of AFC. If a member has more than 26-2/3 years of service, the member will receive a supplemental disability benefit equal to 2-1/2% of AFC times years of creditable service in excess of 26-2/3 years but not in excess of 40 years. Members commencing service on or after July 1, 2011 are eligible for an accidental disability benefit and shall receive a benefit equal to 2/3 of AFC. If a member has more than 33-1/3 years of service, the member will receive a supplemental disability benefit equal to 2% of AFC times years of creditable service in excess of 33-1/3 years but not in excess of 42.5 years. Members hired prior to July 1, 2011 who have non-vested status as of January 1, 2012 are eligible for an accidental disability benefit and shall receive a benefit equal to 2/3 of AFC. The calculation of the supplemental allowance shall be as provided in the transition provisions with the number of years for the supplement adjusted proportionally.

Ordinary Death Benefit

Eligibility	Death other than accidental death.
Amount of Benefit	<p>(a) If 10 years service or if eligible for service retirement and,</p> <p>(i) if survived by a spouse, 50% of the service retirement benefit payable until death or remarriage.</p> <p>(ii) if no surviving spouse or member designated a beneficiary other than a spouse, a lump sum equal to the greater of \$3,600 or member's annual compensation.</p> <p>(b) If less than 10 years service and not eligible for service retirement, a lump sum equal to the greater of \$3,600 or the member's annual compensation.</p>

Accidental Death Benefit

Eligibility	Accidental death occurring while in the performance of duty.
Amount of Benefit	50% of the annual rate of compensation payable first to spouse until death or remarriage, then to children under age 18 or if no spouse or children, to dependent parent.

Death after Retirement

Retirement Prior to April 1, 1987

Lump sum of \$3,600 unless accidental disability retirement, then surviving spouse receives 50% of the retired member's disability benefits payable until death or remarriage.

Retirement on or after April 1, 1987

Benefit payable to surviving spouse until death or remarriage equal to 50% of the member's service, ordinary disability or accidental disability retirement allowance if member was married on the date of retirement plus a lump sum. The lump sum shall be equal to:

If retired prior to July 1, 1988:	\$ 3,600
If retired on or after July 1, 1988:	
If Group II member as of June 30, 1988	\$10,000
If becomes a Group II member after June 30, 1988 and prior to July 1, 1993	\$ 3,600

Special Death Benefit—Old Firefighter’s System	
	Continuance of duty-connected disability benefits to spouse of deceased retired member payable until death or remarriage.
Vested Deferred Retirement	
Eligibility	10 years of service, if no withdrawal of contributions.
Amount of Benefit	A benefit determined as for service retirement payable when the member would be age 45 with 20 years of service or age 60 if earlier.
Return of Members’ Contributions	
	<ul style="list-style-type: none"> (a) Upon termination of service other than for retirement or death, and if vested deferred retirement has not been elected, the member’s accumulated contributions are returned to the member. (b) Upon accidental death or upon other death for which no surviving spouse’s benefit is payable, the member’s accumulated contributions will be paid to the member’s beneficiary or estate. (c) Upon death of a member on vested deferred retirement prior to the time benefits commence, the member’s accumulated contributions will be paid to the member’s beneficiary or estate. (d) Upon death of the survivor of a member retired on accidental disability and his spouse in receipt of the accidental disability survivor benefit, the excess of the member’s accumulated contributions at retirement over the benefits received by the member and the spouse will be paid to the beneficiary or estate. (e) Upon death of a retired member (or the survivor of a retired member, if an optional benefit was elected), the excess of accumulated contributions at retirement over the benefits received by the retired member (and, in the case of election of an optional benefit, the benefits received by the survivor) will be paid to the beneficiary or estate of the member.

3—CONTRIBUTIONS

GROUP I MEMBERS (EMPLOYEES AND TEACHERS)

By Members	7.0% of earnable compensation. Interest on member contributions shall be 2 percentage points less than either the most recent Board of Trustees approved assumed rate of return determined under RSA 100-A:16, II(h) or the actual rate of return, whichever is lower.
By Local Employer	
For Employee Members	100% of the normal contribution rate for their employees, plus accrued liability contributions, if any.
For Teacher Members	100% of the normal contribution rate for their employees, plus accrued liability contributions, if any.
By the State	
For Employee Members	100% of the normal contribution rate for its employees, plus accrued liability contributions, if any.
For Teacher Members	100% of the normal contribution rate for teachers employed by local employers, plus accrued liability contributions, if any.

GROUP II MEMBERS (POLICE OFFICERS AND FIREFIGHTERS)

By Members

Firefighters	11.80% of earnable compensation.
Police Officers	11.55% of earnable compensation.

By Local Employer

100% of the normal contribution rate for their employees, plus accrued liability contributions, if any.

By the State

100% of both the normal and accrued liability contributions, if any.

OPEB PLAN PROVISIONS

Medical subsidy benefits provided under the OPEB plans as of July 1, 2007 are as follows:

	Monthly Amounts	
	Pre-65	Post-65
Single	\$375.56	\$236.84
Couple	\$751.12	\$473.68

The amounts above will not increase.

The following Group I members and their qualified spouses are eligible for coverage under the postemployment medical plans if they are receiving health coverage under the group plan offered by their former employer:

- Employee and teacher members of political subdivisions who were eligible to retire as of July 1, 2008 and who actually retired on or before July 1, 2009, on Service, Early Service, Vested Deferred or Ordinary Disability retirement after completing at least 20 years of creditable service and who subsequently attain age 60 or after completing at least 30 years of creditable service and who subsequently attain age 55.
- Employee and teacher members of political subdivisions who retired on Accidental Disability Retirement on or before July 1, 2004.
- Employee members of the State who retired on or before July 1, 2004, on Service, Ordinary Disability or Vested Deferred Retirement become eligible for the medical subsidy at age 60 with at least 20 years of creditable service; or as early as age 55 with at least 30 years of creditable service.
- Surviving spouses of deceased employee and teacher members of political subdivisions who die while in service, provided that such surviving spouse was covered as the member's spouse in the employer-sponsored plan before the member's death and is entitled to a monthly allowance under Accidental Death, Ordinary Death, or an Optional Allowance.
- Surviving spouses and children of employee and teacher members of political subdivisions and employee members of the State who die as the natural and proximate result of injuries suffered while in the performance of duty. Eligibility for the medical subsidy ceases when the dependent child attains age 18 or age 23, if attending school on a full-time basis, or upon the spouse's remarriage.
- Vested terminated employee members of the State (and spouses) who completed at least 20 years of creditable service and as of July 1, 2004 received an allowance and who subsequently attain age 60.
- Employee members of the State (and spouses) who retired on or before July 1, 2004 after completing at least 20 years of creditable service and who subsequently attained age 60; or after completing at least 30 years of creditable service and who subsequently attained age 55.
- Surviving spouses of deceased employee members of the State who died while in service on or before July 1, 2004, provided that such surviving spouse was covered as the member's spouse in the employer-sponsored plan before the member's death and is entitled to a monthly allowance under Accidental Death, Ordinary Death, or an Optional Allowance.

The following Group II members are eligible for the postemployment medical plans:

- Group II police officer members (or beneficiaries) who are active or retired as of June 30, 2000.
- Group II firefighter members (or beneficiaries) who are active or retired as of June 30, 2000.
- Persons who prior to July 1, 1988, had completed at least 20 years of Group II service and were eligible as of July 1, 1993 for a vested deferred retirement benefit.
- Group II members retired as of July 1, 1991 with a split benefit under RSA 100-A:19-c who had at least 10 years of Group II service.
- Group II members as of June 30, 2005 who subsequently became disabled while in the performance of duty at any time in the future.
- Surviving spouses of deceased Group II members who retired prior to April 1, 1987 and who are not receiving a monthly allowance.

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NEW HAMPSHIRE RETIREMENT SYSTEM

STATISTICAL SECTION

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STATISTICAL SECTION
SUMMARY

The schedules that follow in this Statistical Section contain statistical and historical data that is considered useful in assessing the economic condition of the Pension and OPEB plans and for evaluating financial and demographic trends over longer periods of time. Included in this section are the following schedules:

- Schedules of Changes in Net Position for all plans for the past ten years
- Schedules of Benefit and Refund Deductions for all plans over the past ten years
- Schedules of Retired Members by Type of Benefit for all plans
- Schedules of Average Benefit Payment Amounts for all plans
- Schedules of the Principal Participating Employers for all plans
- A Listing of Participating Employers

The NHRS has prepared the data presented for the Changes in Net Position schedules, Benefit and Refund Deduction schedules, the Principal Participating Employers schedules and the Listing of Participating Employers. The schedules of Retired Members by Type of Benefit and the Schedules of Average Benefit Payments Amounts were prepared by the NHRS's actuary. Due to changes in accounting systems, some data is not available or is limited for the full ten year periods but data for the full ten year periods will be added prospectively.

The investment climate over the past decade has been volatile. Investment returns for fiscal year 2014 (17.6%), fiscal year 2013 (14.5%), fiscal year 2012 (0.9%), and fiscal year 2011 (23.0%) have offset most of the losses experienced during the economic crisis and recession of fiscal years 2008–2009. Although investment returns were positive overall for the decade, net investment income did not achieve the assumed investment return assumption for that period. In absolute dollars, employer contributions to the pension plan have risen 267% over the decade and member contributions to the pension plan have risen 37% over the same period. Pension benefits rose 105% over the decade. Similar increases have been experienced in OPEB contributions and benefits.

The number of NHRS retirees continues to grow along with the average annual benefits amounts paid out. The active membership rolls have remained fairly static throughout the decade but have decreased slightly in fiscal year 2014 after increasing slightly in fiscal year 2013 reflecting the constrained economic environment. The number of participating employers remains stable.

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CHANGES IN NET POSITION – PENSION PLAN LAST TEN FISCAL YEARS

	FY 2014	FY 2013	FY 2012	FY 2011
Additions:				
Employer Contributions	\$ 328,444	\$ 249,835	\$254,557	\$ 274,582
Member Contributions	199,033	196,489	199,593	152,412
Net Investment Income (Loss)	1,092,585	813,671	19,811	1,121,460
Postemployment Medical Plan Transfers on Behalf of Employers	—	—	—	—
Net Position Transfers	—	—	—	—
Other	—	111	—	13,399
Total Additions to Net Position	\$1,620,062	\$1,260,106	\$473,961	\$1,561,853
Deductions:				
Pension Benefits	\$ 599,476	\$ 573,469	\$547,051	\$ 519,970
Refunds of Contributions	26,120	23,191	26,535	22,830
Net Position Transfers	—	—	—	—
Administrative Expense	7,377	6,999	6,261	7,312
Professional Fees	1,080	972	1,162	1,425
Other	366	818	50	743
Total Deductions from Net Position	\$ 634,419	\$ 605,449	\$581,059	\$ 552,280
Change in Net Position	\$ 985,643	\$ 654,657	(\$107,098)	\$1,009,573

CHANGES IN NET POSITION – GROUP II POLICE OFFICER & FIREFIGHTER OPEB PLAN LAST TEN FISCAL YEARS

	FY 2014	FY 2013	FY 2012	FY 2011
Additions:				
Employer Contributions	\$15,438	\$15,260	\$14,683	\$ 8,355
Net Investment Income (Loss)	1,484	1,179	(6)	3,333
Net Position Transfers	—	—	—	—
Interest Income	273	243	190	—
Other	—	—	—	40
Total Additions to Net Position	\$17,195	\$16,682	\$14,867	\$11,728
Deductions:				
Benefits Paid	\$15,980	\$16,209	\$16,231	\$16,019
Postemployment Medical Plan Transfers to Pension Plan on Behalf of Employers	—	—	—	—
Net Position Transfers	—	—	—	—
Administrative Expense	10	10	(2)	22
Professional Fees	1	1	—	5
Other	—	1	—	2
Total Deductions from Net Position	\$15,991	\$16,221	\$16,229	\$16,048
Change in Net Position	\$ 1,204	\$ 461	(\$ 1,362)	(\$ 4,320)

(in thousands)					
FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
\$ 269,677	\$196,214	\$188,197	\$ 120,438	\$109,372	\$ 89,459
149,512	142,528	157,985	272,369	147,821	145,706
546,492	(962,057)	(284,095)	769,701	417,927	373,602
—	—	—	58,201	61,449	43,595
89,505	—	—	295,392	—	—
(1,292)	622	1,721	86	745	1,198
\$1,053,894	(\$622,693)	\$ 63,808	\$1,516,187	\$737,314	\$653,560
\$ 490,075	\$ 452,380	\$391,929	\$ 344,851	\$316,637	\$291,915
21,851	24,204	32,297	34,080	29,382	19,991
—	—	—	—	—	—
6,391	6,968	6,691	5,607	4,799	4,314
1,205	1,372	1,382	665	965	705
1,776	2,331	1,910	1,775	1,807	3,313
\$ 521,298	\$ 487,255	\$434,209	\$ 386,978	\$353,590	\$320,238
\$ 532,596	(\$1,109,948)	(\$370,401)	\$1,129,209	\$383,724	\$333,322

(in thousands)					
FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
\$ 8,143	\$18,707	\$17,369	\$ 18,078	\$20,891	\$14,834
12,876	(21,012)	(5,895)	40,736	23,545	21,638
—	—	—	—	—	1,678
—	—	—	—	—	—
(30)	14	36	2	75	129
\$ 20,989	(\$ 2,291)	\$11,510	\$ 58,816	\$44,511	\$38,279
\$ 15,916	\$15,688	\$15,229	\$ 13,672	\$12,374	\$11,209
—	—	—	18,078	20,891	14,834
89,505	—	—	160,377	—	—
151	152	139	295	277	261
28	30	29	25	87	60
42	51	40	90	135	106
\$105,642	\$15,921	\$15,437	\$192,537	\$33,764	\$ 26,470
(\$ 84,653)	(\$18,212)	(\$ 3,927)	(\$133,721)	\$10,747	\$ 11,809

**CHANGES IN NET POSITION – GROUP I TEACHERS OPEB PLAN
LAST TEN FISCAL YEARS**

	FY 2014	FY 2013	FY 2012	FY 2011
Additions:				
Employer Contributions	\$23,277	\$23,767	\$24,021	\$13,790
Net Investment Income (Loss)	—	—	—	314
Net Position Transfers	—	—	—	—
Other	—	—	—	4
Total Additions to Net Position	\$23,277	\$23,767	\$24,021	\$14,108
Deductions:				
Benefits Paid	\$23,750	\$24,731	\$25,856	\$26,766
Postemployment Medical Plan Transfers to Pension Plan on Behalf of Employers	—	—	—	—
Net Position Transfers	—	—	—	—
Administrative Expense	—	—	—	2
Professional Fees	—	—	—	—
Interest Expense	1,051	933	921	—
Other	—	—	—	—
Total Deductions from Net Position	\$24,801	\$25,664	\$26,777	\$26,768
Change in Net Position	(\$ 1,524)	(\$ 1,897)	(\$ 2,756)	(\$12,660)

**CHANGES IN NET POSITION – GROUP I POLITICAL SUBDIVISION
EMPLOYEES OPEB PLAN
LAST TEN FISCAL YEARS**

	FY 2014	FY 2013	FY 2012	FY 2011
Additions:				
Employer Contributions	\$2,010	\$1,885	\$1,928	\$ 423
Net Investment Income (Loss)	3,867	3,312	(92)	6,460
Net Position Transfers	—	—	—	—
Interest Income	778	690	755	—
Other	—	—	—	77
Total Additions to Net Position	\$6,655	\$5,887	\$2,591	\$6,960
Deductions:				
Benefits Paid	\$6,154	\$6,413	\$6,804	\$7,193
Postemployment Medical Plan Transfers to Pension Plan on Behalf of Employers	—	—	—	—
Net Position Transfers	—	—	—	—
Administrative Expense	26	28	—	42
Professional Fees	4	4	(29)	8
Other	1	3	(5)	5
Total Deductions from Net Position	\$6,185	\$6,448	\$6,770	\$7,248
Change in Net Position	\$ 470	(\$ 561)	(\$4,179)	(\$ 288)

(in thousands)

FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
\$13,614	\$22,998	\$22,887	\$ 17,791	\$19,857	\$11,135
2,662	(3,701)	(1,151)	15,294	9,948	9,726
—	—	—	—	—	—
(6)	2	7	—	—	—
\$16,270	\$19,299	\$21,743	\$ 33,085	\$29,805	\$20,861
\$26,779	\$24,489	\$21,018	\$ 17,260	\$14,575	\$12,350
—	—	—	17,791	19,857	11,135
—	—	—	78,362	—	—
31	27	27	109	111	112
6	5	5	7	6	9
—	—	—	—	—	—
9	9	7	33	25	39
\$26,825	\$24,530	\$21,057	\$113,562	\$34,574	\$23,645
(\$10,555)	(\$ 5,231)	\$ 686	(\$ 80,477)	(\$ 4,769)	(\$ 2,784)

(in thousands)

FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
\$ 404	\$12,381	\$11,420	\$11,858	\$11,102	\$ 8,957
6,239	(8,466)	(1,632)	13,254	8,779	8,728
—	—	—	—	—	—
—	—	—	—	—	—
(15)	1,023	449	942	983	906
\$6,628	\$ 4,938	\$10,237	\$26,054	\$20,864	\$18,591
\$ 7,009	\$ 6,496	\$ 5,732	\$ 4,880	\$ 4,003	\$3,432
—	—	—	11,858	11,102	8,957
17,482	—	—	27,805	—	—
73	61	38	94	97	90
14	12	8	8	5	7
20	21	11	29	23	31
\$24,598	\$ 6,590	\$ 5,789	\$44,674	\$15,230	\$12,517
(\$17,970)	(\$ 1,652)	\$ 4,448	(\$18,620)	\$ 5,634	\$ 6,074

**CHANGES IN NET POSITION – GROUP I STATE EMPLOYEES OPEB PLAN
LAST TEN FISCAL YEARS**

	FY 2014	FY 2013	FY 2012	FY 2011
Additions:				
Employer Contributions	\$8,156	\$8,800	\$8,332	\$10,333
Net Investment Income (Loss)	30	(1)	(66)	87
Net Position Transfers	—	—	—	—
Other	—	—	—	1
Total Additions to Net Position	\$8,186	\$8,799	\$8,266	\$10,421
Deductions:				
Benefits Paid	\$7,927	\$7,793	\$9,708	\$ 9,885
Postemployment Medical Plan Transfers to Pension Plan on Behalf of Employers	—	—	—	—
Net Position Transfers	—	—	—	—
Administrative Expense	—	—	(21)	1
Professional Fees	—	—	(4)	—
Interest Expense	—	—	24	—
Other	—	—	—	—
Total Deductions from Net Position	\$7,927	\$7,793	\$9,707	\$9,886
Change in Net Position	\$ 259	\$1,006	(\$1,441)	\$ 535

(in thousands)					
FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
\$10,399	\$11,150	\$10,030	\$10,474	\$9,599	\$ 8,669
—	—	—	—	—	—
17,482	—	—	—	—	—
—	—	—	—	—	—
\$27,881	\$11,150	\$10,030	\$10,474	\$9,599	\$ 8,669
\$10,171	\$10,926	\$11,266	\$10,941	\$10,687	\$10,211
—	—	—	10,474	9,599	8,669
—	—	—	28,848	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	1,017	439	942	983	906
\$10,171	\$11,943	\$11,705	\$51,205	\$21,269	\$19,786
\$17,710	(\$ 793)	(\$ 1,675)	(\$40,731)	(\$11,670)	(\$11,117)

**SCHEDULE OF BENEFIT AND REFUND
DEDUCTIONS BY TYPE**

**BENEFIT AND REFUND DEDUCTIONS BY TYPE – PENSION PLAN
LAST TEN FISCAL YEARS**

	FY 2014	FY 2013	FY 2012	FY 2011
Type of Benefit				
Age and Service Benefits:				
Service Retirement	\$344,810	\$325,542	\$308,230	\$287,736
Early Retirement	156,539	154,821	150,023	145,483
Survivors	32,444	30,738	29,128	28,986
Vested Deferred	22,463	20,730	19,446	19,217
Other	9,585	8,800	7,826	6,803
Death in Service Benefit	1,744	1,719	1,800	1,654
Disability Benefits				
Duty Related	20,837	20,674	20,374	19,769
Non Duty Related	9,080	8,787	8,581	8,676
Survivors	1,974	1,658	1,643	1,646
Total Benefits	\$599,476	\$573,469	\$547,051	\$519,970
Type of Refund				
Separation	\$ 21,429	\$ 18,133	\$ 20,299	\$ 18,362
Death	4,691	5,058	6,236	4,468
Total Refunds	\$ 26,120	\$ 23,191	\$ 26,535	\$ 22,830

**BENEFIT AND REFUND DEDUCTIONS BY TYPE – OPEB PLANS
LAST TEN FISCAL YEARS**

	FY 2014	FY 2013	FY 2012	FY 2011
GROUP II POLICE OFFICERS & FIREFIGHTERS				
Type of Benefit				
Medical Subsidy Payments	\$ 15,981	\$ 16,209	\$ 16,231	\$ 16,019
Total Benefits	\$15,981	\$16,209	\$16,231	\$16,019
GROUP I TEACHERS				
Type of Benefit				
Medical Subsidy Payments	\$ 23,750	\$ 24,731	\$ 25,856	\$ 26,767
Total Benefits	\$23,750	\$24,731	\$25,856	\$26,767
GROUP I POLITICAL SUBDIVISION EMPLOYEES				
Type of Benefit				
Medical Subsidy Payments	\$ 6,154	\$ 6,413	\$ 6,804	\$ 7,193
Total Benefits	\$ 6,154	\$ 6,413	\$ 6,804	\$ 7,193
GROUP I STATE EMPLOYEES OPEB PLAN				
Type of Benefit				
Medical Subsidy Payments	\$ 7,927	\$ 7,793	\$ 9,708	\$ 9,885
Total Benefits	\$ 7,927	\$ 7,793	\$ 9,708	\$ 9,885

(in thousands)					
FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
\$270,523	\$249,909	\$216,344	\$190,973	\$176,207	\$164,415
138,643	125,471	101,286	86,655	78,718	71,299
27,079	25,160	21,961	19,915	18,438	16,908
18,063	17,042	18,573	16,054	14,064	12,373
5,882	5,040	5,546	3,959	3,163	2,284
1,326	2,000	2,396	2,456	2,383	2,134
18,682	18,043	16,869	16,198	15,575	14,785
8,312	8,261	7,567	7,253	6,753	6,452
1,565	1,454	1,387	1,388	1,336	1,265
\$490,075	\$452,380	\$391,929	\$344,851	\$316,637	\$291,915
\$ 18,580	\$ 20,364	\$ 29,613	\$ 31,502	\$ 26,630	\$ 16,992
3,271	3,840	2,684	2,578	2,752	2,999
\$ 21,851	\$ 24,204	\$ 32,297	\$ 34,080	\$ 29,382	\$ 19,991

(in thousands)					
FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
\$15,916	\$15,688	\$15,229	\$13,672	\$12,374	\$11,209
\$15,916	\$15,688	\$15,229	\$13,672	\$12,374	\$11,209
\$26,779	\$24,489	\$21,018	\$17,260	\$14,575	\$12,350
\$26,779	\$24,489	\$21,018	\$17,260	\$14,575	\$12,350
\$ 7,010	\$6,496	\$5,732	\$4,880	\$4,003	\$3,432
\$ 7,010	\$6,496	\$5,732	\$4,880	\$4,003	\$3,432
\$10,170	\$10,926	\$11,266	\$10,941	\$10,687	\$10,211
\$10,170	\$10,926	\$11,266	\$10,941	\$10,687	\$10,211

SCHEDULE OF RETIRED AND VESTED MEMBERS BY TYPE OF BENEFIT

**SCHEDULE OF RETIRED AND VESTED MEMBERS BY TYPE OF BENEFITS AS OF JUNE 30, 2014
PENSION PLAN**

Amount of Monthly Benefit	Number of Retirees	Type of Retirement*						
		1	2	3	4	5	6	7
EMPLOYEES								
\$1-500	4,622	3,772	43	2	10	—	536	259
501-1,000	4,660	3,550	253	128	7	2	398	322
1,001-1,500	2,734	2,183	81	226	9	4	148	83
1,501-2,000	1,580	1,338	24	89	4	2	91	32
2,001-2,500	933	846	3	24	—	2	54	4
2,501-3,000	579	527	3	7	2	1	37	2
3,001-3,500	353	329	—	3	—	—	19	2
3,501-4,000	261	250	1	1	—	—	9	—
Over 4,000	296	287	1	1	1	—	6	—
Totals	16,018	13,082	409	481	33	11	1,298	704
TEACHERS								
\$1-500	1,328	1,113	—	—	—	—	67	148
501-1,000	1,867	1,441	44	—	1	—	113	268
1,001-1,500	1,604	1,355	69	4	5	—	86	85
1,501-2,000	1,665	1,537	27	6	5	—	66	24
2,001-2,500	1,667	1,583	16	8	—	1	54	5
2,501-3,000	1,338	1,291	8	2	—	—	37	—
3,001-3,500	1,062	1,026	2	1	—	—	33	—
3,501-4,000	560	543	—	—	2	—	14	1
Over 4,000	405	395	—	—	—	—	10	—
Totals	11,496	10,284	166	21	13	1	480	531
POLICE OFFICERS								
\$1-500	170	127	1	—	—	2	40	—
501-1,000	306	159	7	1	—	—	131	8
1,001-1,500	333	161	20	8	—	1	118	25
1,501-2,000	304	184	24	34	2	1	47	12
2,001-2,500	365	262	11	63	—	1	21	7
2,501-3,000	387	274	—	82	1	2	25	3
3,001-3,500	337	284	1	42	1	3	6	—
3,501-4,000	277	248	—	20	1	—	8	—
Over 4,000	858	800	1	46	2	1	8	—
Totals	3,337	2,499	65	296	7	11	404	55
FIREFIIGHTERS								
\$1-500	47	27	—	1	—	2	17	—
501-1,000	112	37	1	—	—	—	74	—
1,001-1,500	155	65	9	5	—	5	70	1
1,501-2,000	135	67	8	12	—	1	44	3
2,001-2,500	177	115	2	22	1	3	33	1
2,501-3,000	166	128	2	26	—	—	9	1
3,001-3,500	146	125	1	16	—	2	2	—
3,501-4,000	132	122	—	7	—	1	1	1
Over 4,000	430	407	—	11	1	—	11	—
Totals	1,500	1,093	23	100	2	14	261	7

* Type of Retirement: 1—Service and early retirement. 2—Ordinary disability retirement. 3—Accidental disability retirement. 4—Ordinary death in active service. 5—Accidental death in active service. 6—Beneficiaries of deceased members who retired on a service or disability allowance. 7—Vested member with future benefit.

Option Selected #										
No Option	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	Option 9	Other*
2,736	164	319	76	850	201	12	5	—	—	259
2,590	115	308	99	912	299	11	4	—	—	322
1,408	84	226	86	606	236	4	1	—	—	83
735	41	149	62	413	140	5	3	—	—	32
392	13	96	41	299	85	1	2	—	—	4
220	14	78	26	163	75	1	—	—	—	2
129	7	51	17	109	38	—	—	—	—	2
84	3	39	20	82	32	1	—	—	—	—
79	4	46	29	97	39	1	1	—	—	—
8,373	445	1,312	456	3,531	1,145	36	16	—	—	704
610	39	89	31	316	84	6	5	—	—	148
963	84	95	27	341	82	6	1	—	—	268
789	56	119	45	390	116	3	1	—	—	85
750	53	130	45	487	169	1	6	—	—	24
719	38	127	64	508	200	2	4	—	—	5
547	42	124	48	403	167	2	5	—	—	—
450	23	94	40	336	112	3	4	—	—	—
229	19	58	21	157	75	—	—	—	—	1
171	6	44	14	119	51	—	—	—	—	—
5,228	360	880	335	3,057	1,056	23	26	—	—	531
121	1	6	16	6	20	—	—	—	—	—
230	5	14	11	15	22	1	—	—	—	8
215	12	15	11	16	39	—	—	—	—	25
176	14	8	25	15	53	1	—	—	—	12
180	18	12	49	18	81	—	—	—	—	7
157	20	9	66	19	113	—	—	—	—	3
118	16	4	92	8	99	—	—	—	—	—
91	8	1	62	9	106	—	—	—	—	—
213	18	9	262	14	341	1	—	—	—	—
1,501	112	78	594	120	874	3	—	—	—	55
36	—	2	—	2	7	—	—	—	—	—
102	—	2	1	1	6	—	—	—	—	—
121	6	6	7	7	7	—	—	—	—	1
91	9	5	9	8	10	—	—	—	—	3
98	13	8	24	6	27	—	—	—	—	1
63	8	5	28	12	49	—	—	—	—	1
37	7	3	38	2	59	—	—	—	—	—
39	5	1	30	2	54	—	—	—	—	1
109	12	2	109	4	192	1	1	—	—	—
696	60	34	246	44	411	1	1	—	—	7

Option Selected: No option—Straight life. Option 1—Cash refund. Option 2—100% Joint & Survivorship. Option 3—50% Joint & Survivorship. Option 4—100% Pop-Up. Option 5—50% Pop-Up. Option 6—Other % Joint & Survivorship. Option 7—Other % Pop-Up. Option 8—Fixed amount to Beneficiaries. Option 9—Widow's benefit (accidental disability) 50%

* Elections for vested members with future benefits are made at commencement of benefits.

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFITS AS OF JUNE 30, 2014					
OPEB PLANS					
Amount of Monthly Benefit	Number of Retirees	One Person		Two Person	
		Pre 65	Post 65	Pre 65	Post 65
GROUP II POLICE OFFICERS & FIREFIGHTERS					
\$1-500	1,575	432	1,116	15	12
501-1,000	1,036	131	224	663	18
1,001-1,500	19	3	—	10	6
1,501-2,000	5	—	—	5	—
Over \$2,000	—	—	—	—	—
Total	2,635	566	1,340	693	36
GROUP I TEACHERS OPEB PLAN					
\$1-500	3,491	214	3,237	1	39
501-1,000	794	142	264	118	270
1,001-1,500	58	8	26	7	17
1,501-2,000	28	4	—	23	1
Over \$2,000	—	—	—	—	—
Total	4,371	368	3,527	149	327
GROUP I POLITICAL SUBDIVISION EMPLOYEES OPEB PLAN					
\$1-500	1,146	46	1,093	—	7
501-1,000	162	35	76	24	27
1,001-1,500	4	—	1	—	3
1,501-2,000	1	1	—	—	—
Over \$2,000	—	—	—	—	—
Total	1,313	82	1,170	24	37
GROUP I STATE EMPLOYEES OPEB PLAN					
\$1-500	1,702	80	1,588	—	34
501-1,000	220	24	110	54	32
1,001-1,500	2	—	1	—	1
1,501-2,000	—	—	—	—	—
Over \$2,000	—	—	—	—	—
Total	1,924	104	1,699	54	67
TOTAL – OPEB PLANS					
\$1-500	7,914	772	7,034	16	92
501-1,000	2,212	332	674	859	347
1,001-1,500	83	11	28	17	27
1,501-2,000	34	5	—	28	1
Over \$2,000	—	—	—	—	—
Total	10,243	1,120	7,736	920	467

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**SCHEDULE OF AVERAGE
BENEFIT PAYMENT
AMOUNTS**

**SCHEDULE OF AVERAGE BENEFIT PAYMENT AMOUNTS
PENSION PLAN – EMPLOYEES**

2014 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$326	\$418	\$591	\$878	\$1,158	\$1,568	\$2,319	\$1,078
Average annual benefit	\$3,911	\$5,019	\$7,088	\$10,532	\$13,902	\$18,812	\$27,833	\$12,932
Average final average salary	\$35,623	\$41,017	\$41,061	\$46,293	\$48,678	\$55,009	\$64,041	\$48,488
Number of retired members	992*	1,497	3,835	2,426	2,546	1,475	2,543	15,314**

** Includes 192 members who did not have service reported.

** Includes 7,334 members who did not have FAS reported.

2013 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$324	\$409	\$584	\$863	\$1,150	\$1,558	\$2,303	\$1,063
Average annual benefit	\$3,883	\$4,906	\$7,013	\$10,359	\$13,801	\$18,691	\$27,633	\$12,758
Average final average salary	\$35,604	\$39,229	\$40,738	\$45,238	\$47,897	\$54,324	\$63,541	\$47,906
Number of retired members	968*	1,444	3,705	2,345	2,434	1,394	2,422	14,712**

* Includes 172 members who did not have service reported.

** Includes 7,506 members who did not have FAS reported.

2012 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$343	\$400	\$576	\$854	\$1,142	\$1,535	\$2,274	\$1,049
Average annual benefit	\$4,114	\$4,804	\$6,911	\$10,243	\$13,706	\$18,421	\$27,284	\$12,591
Average final average salary	\$34,356	\$38,505	\$39,797	\$44,567	\$46,998	\$52,948	\$62,444	\$47,037
Number of retired members	992*	1,389	3,511	2,261	2,340	1,323	2,325	14,141**

* Includes 194 members who did not have service reported.

** Includes 7,748 members who did not have FAS reported.

2011 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$336	\$393	\$571	\$837	\$1,126	\$1,519	\$2,257	\$1,039
Average annual benefit	\$4,032	\$4,719	\$6,856	\$10,049	\$13,517	\$18,228	\$27,079	\$12,474
Average final average salary	\$32,512	\$37,153	\$38,954	\$43,438	\$45,838	\$51,964	\$61,282	\$46,178
Number of retired members	936*	1,341	3,334	2,144	2,226	1,277	2,229	13,487**

** Includes 172 members who did not have service reported.

** Includes 7,913 members who did not have FAS reported.

NOTE: Due to system changes, average final average salary data is only available for fiscal years 2007–2014. The available data is limited and represents average final average salary for those members who have retired since fiscal year 2004. Additional years data will be added prospectively.

2010 Service	Years Credited Service						30 or more yrs.	Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.		
Average monthly benefit	\$335	\$386	\$561	\$822	\$1,110	\$1,495	\$2,222	\$1,017
Average annual benefit	\$4,017	\$4,632	\$6,738	\$9,861	\$13,321	\$17,938	\$26,660	\$12,208
Average final average salary	\$32,068	\$35,498	\$37,739	\$41,663	\$44,745	\$50,812	\$60,543	\$45,062
Number of retired members	900*	1,291	3,169	2,059	2,091	1,213	2,079	12,802**

* Includes 161 members who did not have service reported.

** Includes 8,088 members who did not have FAS reported.

2009 Service	Years Credited Service						30 or more yrs.	Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.		
Average monthly benefit	\$325	\$374	\$547	\$802	\$1,084	\$1,438	\$2,152	\$975
Average annual benefit	\$3,897	\$4,493	\$6,568	\$9,627	\$13,008	\$17,259	\$25,826	\$11,697
Average final average salary	\$31,667	\$35,280	\$36,695	\$40,033	\$43,215	\$48,520	\$58,876	\$43,547
Number of retired members	876*	1,299	3,051	1,971	1,942	1,139	1,914	12,192**

* Includes 141 members who did not have service reported.

** Includes 8,241 members who did not have FAS reported.

2008 Service	Years Credited Service						30 or more yrs.	Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.		
Average monthly benefit	\$314	\$368	\$538	\$785	\$1,070	\$1,428	\$2,096	\$948
Average annual benefit	\$3,766	\$4,411	\$6,454	\$9,418	\$12,846	\$17,141	\$25,150	\$11,380
Average final average salary	\$30,781	\$36,237	\$35,989	\$39,536	\$42,625	\$47,998	\$57,600	\$42,962
Number of retired members	838*	1,268	2,940	1,896	1,786	1,058	1,794	11,580**

* Includes 121 members who did not have service reported.

** Includes 8,377 members who did not have FAS reported.

2007 Service	Years Credited Service						30 or more yrs.	Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.		
Average monthly benefit	\$312	\$338	\$515	\$751	\$1,031	\$1,380	\$1,990	\$906
Average annual benefit	\$3,740	\$4,057	\$6,180	\$9,011	\$12,371	\$16,564	\$23,878	\$10,874
Average final average salary	\$30,208	\$35,154	\$35,536	\$38,286	\$41,757	\$46,491	\$54,769	\$41,602
Number of retired members	685*	1,240	2,745	1,885	1,666	966	1,672	10,859**

* Includes 81 members who did not have service reported.

** Includes 8,518 members who did not have FAS reported.

**SCHEDULE OF AVERAGE BENEFIT PAYMENT AMOUNTS
PENSION PLAN – TEACHERS**

2014 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$457	\$531	\$702	\$1,081	\$1,459	\$1,872	\$2,702	\$1,783
Average annual benefit	\$5,480	\$6,367	\$8,419	\$12,976	\$17,506	\$22,467	\$32,419	\$21,401
Average final average salary	\$51,979	\$56,039	\$48,107	\$57,182	\$61,625	\$66,117	\$71,311	\$63,299
Number of retired members	239*	289	1,342	1,241	2,126	1,889	3,839	10,965**

* Includes 100 members who did not have service reported.

** Includes 4,974 members who did not have FAS reported.

2013 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$433	\$526	\$691	\$1,051	\$1,454	\$1,862	\$2,686	\$1,780
Average annual benefit	\$5,200	\$6,315	\$8,295	\$12,615	\$17,451	\$22,347	\$32,229	\$21,355
Average final average salary	\$51,604	\$55,373	\$47,276	\$55,688	\$60,708	\$64,999	\$70,712	\$62,669
Number of retired members	214*	255	1,260	1,155	2,045	1,795	3,683	10,407**

* Includes 86 members who did not have service reported.

** Includes 5,020 members who did not have FAS reported.

2012 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$434	\$491	\$684	\$1,039	\$1,447	\$1,856	\$2,673	\$1,777
Average annual benefit	\$5,203	\$5,892	\$8,214	\$12,473	\$17,363	\$22,272	\$32,080	\$21,320
Average final average salary	\$51,428	\$53,206	\$46,917	\$54,779	\$59,762	\$64,214	\$70,113	\$62,128
Number of retired members	207*	236	1,190	1,100	1,951	1,703	3,569	9,956**

* Includes 88 members who did not have service reported.

** Includes 5,098 members who did not have FAS reported.

2011 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$432	\$484	\$670	\$1,023	\$1,439	\$1,848	\$2,664	\$1,777
Average annual benefit	\$5,185	\$5,804	\$8,044	\$12,271	\$17,272	\$22,178	\$31,972	\$21,321
Average final average salary	\$50,528	\$53,243	\$45,371	\$53,207	\$58,790	\$63,226	\$69,426	\$61,398
Number of retired members	188*	214	1,111	1,021	1,859	1,608	3,426	9,427**

* Includes 79 members who did not have service reported.

** Includes 5,148 members who did not have FAS reported.

NOTE: Due to system changes, average final average salary data is only available for fiscal years 2007–2014. The available data is limited and represents average final average salary for those members who have retired since fiscal year 2004. Additional years data will be added prospectively.

2010 Service	Years Credited Service						30 or more yrs.	Total
	0–4 yrs.	5–9 yrs.	10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.		
Average monthly benefit	\$417	\$478	\$664	\$1,005	\$1,435	\$1,847	\$2,656	\$1,781
Average annual benefit	\$5,001	\$5,733	\$7,970	\$12,064	\$17,224	\$22,162	\$31,869	\$21,375
Average final average salary	\$50,790	\$52,875	\$44,197	\$51,833	\$57,897	\$62,372	\$68,973	\$60,970
Number of retired members	171*	203	1,040	965	1,793	1,570	3,345	9,087**

* Includes 72 members who did not have service reported.

** Includes 5,182 members who did not have FAS reported.

2009 Service	Years Credited Service						30 or more yrs.	Total
	0–4 yrs.	5–9 yrs.	10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.		
Average monthly benefit	\$422	\$477	\$653	\$984	\$1,409	\$1,817	\$2,591	\$1,736
Average annual benefit	\$5,069	\$5,729	\$7,838	\$11,805	\$16,910	\$21,804	\$31,096	\$20,830
Average final average salary	\$49,132	\$52,820	\$43,328	\$50,592	\$57,660	\$61,404	\$67,107	\$59,692
Number of retired members	155*	179	986	931	1,702	1,477	3,077	8,507**

* Includes 69 members who did not have service reported.

** Includes 5,217 members who did not have FAS reported.

2008 Service	Years Credited Service						30 or more yrs.	Total
	0–4 yrs.	5–9 yrs.	10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.		
Average monthly benefit	\$418	\$457	\$636	\$966	\$1,381	\$1,789	\$2,528	\$1,674
Average annual benefit	\$5,015	\$5,478	\$7,633	\$11,590	\$16,568	\$21,470	\$30,334	\$20,087
Average final average salary	\$48,040	\$53,161	\$42,990	\$50,213	\$56,717	\$60,162	\$65,739	\$58,253
Number of retired members	137*	171	929	886	1,531	1,347	2,653	7,654**

* Includes 59 members who did not have service reported.

** Includes 5,208 members who did not have FAS reported.

2007 Service	Years Credited Service						30 or more yrs.	Total
	0–4 yrs.	5–9 yrs.	10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.		
Average monthly benefit	\$392	\$417	\$614	\$931	\$1,348	\$1,761	\$2,446	\$1,615
Average annual benefit	\$4,708	\$5,003	\$7,363	\$11,171	\$16,172	\$21,137	\$29,353	\$19,376
Average final average salary	\$48,572	\$51,663	\$41,693	\$49,356	\$56,367	\$58,937	\$63,650	\$56,556
Number of retired members	103*	163	842	855	1,390	1,245	2,330	6,928**

* Includes 37 members who did not have service reported.

** Includes 5,209 members who did not have FAS reported

**SCHEDULE OF AVERAGE BENEFIT PAYMENT AMOUNTS
PENSION PLAN – POLICE OFFICERS**

2014 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$1,003	\$1,380	\$1,519	\$2,111	\$2,964	\$4,362	\$5,623	\$2,929
Average annual benefit	\$12,039	\$16,555	\$18,226	\$25,335	\$35,571	\$52,347	\$67,472	\$35,154
Average final average salary	\$42,303	\$51,636	\$49,456	\$60,358	\$76,729	\$90,857	\$99,377	\$77,381
Number of retired members	286*	160	355	270	1,383	601	227	3,282**

* Includes 190 members who did not have service reported.

** Includes 1,816 members who did not have FAS reported.

2013 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$989	\$1,402	\$1,525	\$2,096	\$2,937	\$4,304	\$5,557	\$2,905
Average annual benefit	\$11,867	\$16,827	\$18,305	\$25,149	\$35,240	\$51,642	\$66,680	\$34,859
Average final average salary	\$43,717	\$51,752	\$49,166	\$60,656	\$76,404	\$90,096	\$98,639	\$77,294
Number of retired members	273*	159	336	271	1,319	584	221	3,163**

* Includes 177 members who did not have service reported.

** Includes 1,825 members who did not have FAS reported.

2012 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$986	\$1,414	\$1,520	\$2,101	\$2,936	\$4,235	\$5,469	\$2,894
Average annual benefit	\$11,835	\$16,968	\$18,238	\$25,218	\$35,230	\$50,824	\$65,631	\$34,731
Average final average salary	\$43,717	\$51,792	\$48,430	\$59,074	\$75,343	\$89,117	\$98,085	\$76,294
Number of retired members	238*	151	325	255	1,255	547	210	2,981**

* Includes 145 members who did not have service reported.

** Includes 1,766 members who did not have FAS reported.

2011 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$957	\$1,386	\$1,482	\$2,072	\$2,893	\$4,082	\$5,432	\$2,823
Average annual benefit	\$11,485	\$16,635	\$17,788	\$24,867	\$34,719	\$48,981	\$65,188	\$33,876
Average final average salary	\$47,377	\$52,498	\$46,123	\$58,423	\$74,403	\$87,050	\$97,076	\$75,213
Number of retired members	230*	149	314	251	1,218	523	195	2,880**

**Includes 140 members who did not have service reported.

**Includes 1,794 members who did not have FAS reported.

NOTE: Due to system changes, average final average salary data is only available for fiscal years 2007–2014. The available data is limited and represents average final average salary for those members who have retired since fiscal year 2004. Additional years data will be added prospectively.

2010 Service	Years Credited Service						30 or more yrs.	Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.		
Average monthly benefit	\$942	\$1,352	\$1,483	\$2,034	\$2,845	\$3,940	\$5,114	\$2,724
Average annual benefit	\$11,310	\$16,222	\$17,792	\$24,413	\$34,137	\$47,277	\$61,371	\$32,689
Average final average salary	\$44,656	\$50,016	\$45,342	\$57,278	\$70,960	\$85,452	\$93,848	\$72,439
Number of retired members	218*	145	305	241	1,140	482	171	2,702**

* Includes 129 members who did not have service reported.

** Includes 1,814 members who did not have FAS reported.

2009 Service	Years Credited Service						30 or more yrs.	Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.		
Average monthly benefit	\$931	\$1,337	\$1,453	\$2,026	\$2,816	\$3,768	\$5,068	\$2,665
Average annual benefit	\$11,166	\$16,048	\$17,438	\$24,309	\$33,797	\$45,213	\$60,811	\$31,980
Average final average salary	\$42,229	\$50,574	\$44,919	\$56,748	\$70,720	\$82,705	\$91,617	\$71,464
Number of retired members	200*	139	293	232	1,093	455	153	2,565**

* Includes 115 members who did not have service reported.

** Includes 1,808 members who did not have FAS reported.

2008 Service	Years Credited Service						30 or more yrs.	Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.		
Average monthly benefit	\$904	\$1,319	\$1,447	\$2,012	\$2,757	\$3,631	\$4,802	\$2,580
Average annual benefit	\$10,847	\$15,829	\$17,362	\$24,149	\$33,081	\$43,574	\$57,628	\$30,961
Average final average salary	\$42,170	\$50,113	\$45,063	\$57,239	\$69,092	\$80,884	\$87,128	\$69,835
Number of retired members	191*	137	281	221	1,044	424	138	2,436**

* Includes 106 members who did not have service reported.

** Includes 1,806 members who did not have FAS reported.

2007 Service	Years Credited Service						30 or more yrs.	Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.		
Average monthly benefit	\$857	\$1,229	\$1,441	\$1,924	\$2,659	\$3,417	\$4,396	\$2,482
Average annual benefit	\$10,287	\$14,754	\$17,293	\$23,083	\$31,912	\$41,008	\$52,757	\$29,783
Average final average salary	\$42,069	\$44,602	\$45,745	\$54,398	\$68,606	\$78,547	\$82,489	\$68,235
Number of retired members	162*	130	264	225	959	411	142	2,293**

* Includes 74 members who did not have service reported.

** Includes 1,810 members who did not have FAS reported.

**SCHEDULE OF AVERAGE BENEFIT PAYMENT AMOUNTS
PENSION PLAN – FIREFIGHTERS**

2014 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$1,068	\$1,450	\$1,724	\$2,004	\$2,687	\$3,997	\$5,494	\$3,047
Average annual benefit	\$12,812	\$17,405	\$20,686	\$24,051	\$32,249	\$47,960	\$65,932	\$35,562
Average final average salary	\$45,602	\$64,928	\$56,150	\$65,849	\$75,732	\$89,221	\$93,573	\$81,886
Number of retired members	128*	29	87	119	589	383	158	1,493**

* Includes 106 members who did not have service reported.

** Includes 958 members who did not have FAS reported.

2013 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$1,050	\$1,513	\$1,720	\$2,007	\$2,685	\$4,053	\$5,336	\$3,050
Average annual benefit	\$12,597	\$18,154	\$20,640	\$24,080	\$32,216	\$48,683	\$64,036	\$36,595
Average final average salary	\$49,479	\$64,928	\$55,062	\$62,052	\$75,328	\$90,016	\$93,076	\$81,986
Number of retired members	120*	30	82	116	577	364	158	1,447**

* Includes 99 members who did not have service reported.

** Includes 956 members who did not have FAS reported.

2012 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$1,062	\$1,523	\$1,701	\$2,072	\$2,672	\$3,956	\$5,192	\$3,038
Average annual benefit	\$12,740	\$18,280	\$20,416	\$24,865	\$32,067	\$47,475	\$62,306	\$36,461
Average final average salary	\$50,146	\$51,114	\$53,705	\$64,002	\$74,611	\$88,513	\$92,039	\$80,981
Number of retired members	96*	29	78	110	564	343	156	1,376**

* Includes 77 members who did not have service reported.

** Includes 931 members who did not have FAS reported.

2011 Service	Years Credited Service							Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	
Average monthly benefit	\$1,063	\$1,519	\$1,600	\$2,062	\$2,656	\$3,846	\$4,971	\$2,967
Average annual benefit	\$12,751	\$18,225	\$19,194	\$24,749	\$31,877	\$46,151	\$59,651	\$35,599
Average final average salary	\$50,146	\$51,114	\$49,051	\$64,919	\$73,582	\$86,853	\$90,415	\$79,520
Number of retired members	90*	30	73	111	555	328	149	1,336**

**Includes 71 members who did not have service reported.

**Includes 942 members who did not have FAS reported.

NOTE: Due to system changes, average final average salary data is only available for fiscal years 2007–2014. The available data is limited and represents average final average salary for those members who have retired since fiscal year 2004. Additional years data will be added prospectively.

2010 Service	Years Credited Service						30 or more yrs.	Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.		
Average monthly benefit	\$1,020	\$1,487	\$1,607	\$2,041	\$2,592	\$3,770	\$4,749	\$2,871
Average annual benefit	\$12,244	\$17,846	\$19,283	\$24,493	\$31,109	\$45,240	\$56,983	\$34,454
Average final average salary	\$55,668	\$47,729	\$50,024	\$62,405	\$71,694	\$86,042	\$89,392	\$78,232
Number of retired members	80*	28	73	109	530	304	130	1,254**

* Includes 62 members who did not have service reported.

** Includes 946 members who did not have FAS reported.

2009 Service	Years Credited Service						30 or more yrs.	Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.		
Average monthly benefit	\$967	\$1,439	\$1,585	\$1,998	\$2,537	\$3,707	\$4,592	\$2,794
Average annual benefit	\$11,607	\$17,274	\$19,025	\$23,973	\$30,440	\$44,489	\$55,102	\$33,533
Average final average salary	\$55,668	\$46,372	\$48,616	\$63,891	\$70,685	\$83,078	\$88,852	\$76,730
Number of retired members	78*	28	72	107	534	295	123	1,237

** Includes 60 members who did not have service reported.

** Includes 963 members who did not have FAS reported.

2008 Service	Years Credited Service						30 or more yrs.	Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.		
Average monthly benefit	\$958	\$1,438	\$1,545	\$1,958	\$2,488	\$3,661	\$4,526	\$2,743
Average annual benefit	\$11,495	\$17,254	\$18,541	\$23,499	\$29,857	\$43,934	\$54,311	\$32,914
Average final average salary	\$55,668	\$42,455	\$46,301	\$64,705	\$69,420	\$83,187	\$87,553	\$76,307
Number of retired members	74*	27	70	105	523	287	114	1,200**

* Includes 56 members who did not have service reported.

** Includes 966 members who did not have FAS reported.

2007 Service	Years Credited Service						30 or more yrs.	Total
	0-4 yrs.	5-9 yrs.	10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.		
Average monthly benefit	\$924	\$1,286	\$1,534	\$1,933	\$2,396	\$3,495	\$4,229	\$2,651
Average annual benefit	\$11,091	\$15,431	\$18,407	\$23,199	\$28,751	\$41,935	\$50,743	\$31,807
Average final average salary	\$57,429	\$0	\$45,518	\$64,027	\$69,135	\$82,005	\$86,698	\$75,540
Number of retired members	67*	22	73	108	488	297	113	1,168**

* Includes 47 members who did not have service reported.

** Includes 978 members who did not have FAS reported.

SCHEDULES OF AVERAGE BENEFIT PAYMENT AMOUNTS – OPEB PLANS*

GROUP II – POLICE OFFICERS AND FIREFIGHTERS***

	2014		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$431	\$425
Annual Benefits		\$300,025	\$412,628
Number of retired members		58	81

**Includes 16 members who did not have service reported.

	2013		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$465	\$469
Annual Benefits		\$407,321	\$512,068
Number of retired members		73	91

**Includes 16 members who did not have service reported.

	2012		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$419	\$460
Annual Benefits		\$322,069	\$496,368
Number of retired members		64	90

**Includes 19 members who did not have service reported.

	2011		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$433	\$459
Annual Benefits		\$327,489	\$512,666
Number of retired members		63	93

**Includes 17 members who did not have service reported.

	2010		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$447	\$472
Annual Benefits		\$343,140	\$509,409
Number of retired members		64	90

**Includes 17 members who did not have service reported.

	2009		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$442	\$481
Annual Benefits		\$333,960	\$525,662
Number of retired members		63	91

**Includes 16 members who did not have service reported.

	2008		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$438	\$480
Annual Benefits		\$331,421	\$512,554
Number of retired members		63	89

**Includes 17 members who did not have service reported.

	2007		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$421	\$436
Annual Benefits		\$257,860	\$402,482
Total Retirees		51	77

**Includes 11 members who did not have service reported.

*Data prior to fiscal year 2007 is not available. Data for future fiscal years will be added prospectively.

***In addition, there are 941 retirees eligible for a deferred subsidy.

						2014
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$465	\$429	\$510	\$547	\$527	\$508	
\$977,307	\$880,113	\$7,532,342	\$4,215,463	\$1,750,238	\$16,068,116	
175	171	1,231	642	277	2,635	
						2013
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$468	\$436	\$518	\$553	\$532	\$516	
\$964,925	\$893,878	\$7,365,223	\$4,099,008	\$1,755,277	\$15,997,700	
172	171	1,186	618	275	2,586	
						2012
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$468	\$449	\$533	\$558	\$536	\$523	
\$989,289	\$948,587	\$7,617,692	\$4,041,300	\$1,698,972	\$16,114,277	
176	176	1,192	604	264	2,566	
						2011
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$475	\$455	\$545	\$557	\$546	\$531	
\$991,312	\$988,209	\$7,868,124	\$3,972,987	\$1,638,323	\$16,299,110	
174	181	1,202	594	250	2,557	
						2010
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$481	\$460	\$548	\$557	\$540	\$533	
\$1,038,333	\$987,831	\$7,695,267	\$3,823,520	\$1,516,304	\$15,913,804	
180	179	1,170	572	234	2,489	
						2009
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$485	\$469	\$548	\$556	\$532	\$533	
\$1,060,239	\$1,013,207	\$7,655,729	\$3,773,959	\$1,367,171	\$15,729,927	
182	180	1,165	566	214	2,461	
						2008
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$493	\$471	\$551	\$559	\$527	\$535	
\$1,047,356	\$982,995	\$7,565,509	\$3,682,116	\$1,283,509	\$15,405,460	
177	174	1,145	549	203	2,400	
						2007
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$482	\$460	\$492	\$522	\$479	\$502	
\$1,012,913	\$998,782	\$6,675,988	\$3,437,413	\$1,185,193	\$13,970,631	
175	181	1,080	549	206	2,319	

SCHEDULES OF AVERAGE BENEFIT PAYMENT AMOUNTS – OPEB PLANS*

GROUP I – TEACHERS***

	2014		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$298	\$283
Annual Benefits		\$42,954	\$10,191
Number of retired members		12	3

*Includes 10 members who did not have service reported.

	2013		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$285	\$329
Annual Benefits		\$47,941	\$11,856
Number of retired members		14	3

**Includes 11 members who did not have service reported.

	2012		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$286	\$306
Annual Benefits		\$37,741	\$7,349
Number of retired members		11	2

**Includes 8 members who did not have service reported.

	2011		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$321	\$376
Annual Benefits		\$38,535	\$4,507
Number of retired members		10	1

**Includes 7 members who did not have service reported.

	2010		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$332	\$376
Annual Benefits		\$27,890	\$4,507
Number of retired members		7	1

**Includes 7 members who did not have service reported.

	2009		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$330	\$376
Annual Benefits		\$27,729	\$4,507
Number of retired members		7	1

**Includes 7 members who did not have service reported.

	2008		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$336	\$376
Annual Benefits		\$28,218	\$4,507
Number of retired members		7	1

**Includes 7 members who did not have service reported.

	2007		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$300	\$348
Annual Benefits		\$28,759	\$4,173
Total Retirees		8	1

**Includes 8 members who did not have service reported.

*Data prior to fiscal year 2007 is not available. Data for future fiscal years will be added prospectively.

***In addition, there are 1,419 retirees eligible for a deferred subsidy.

10–14 yrs.	15–19 yrs.	20–24 yrs.	2014 25–29 yrs.	30 or more yrs.	Total
\$566	\$474	\$391	\$401	\$470	\$436
\$20,382	\$5,684	\$4,652,955	\$4,566,115	\$13,586,048	\$22,884,329
3	1	992	949	2,411	4,371
10–14 yrs.	15–19 yrs.	20–24 yrs.	2013 25–29 yrs.	30 or more yrs.	Total
\$462	\$355	\$402	\$410	\$489	\$451
\$27,731	\$8,526	\$4,808,676	\$4,703,090	\$14,142,923	\$23,750,743
5	2	998	957	2,411	4,390
10–14 yrs.	15–19 yrs.	20–24 yrs.	2012 25–29 yrs.	30 or more yrs.	Total
\$484	\$474	\$415	\$421	\$505	\$466
\$23,224	\$5,684	\$5,028,708	\$4,888,880	\$14,831,920	\$24,823,506
4	1	1,009	968	2,446	4,441
10–14 yrs.	15–19 yrs.	20–24 yrs.	2011 25–29 yrs.	30 or more yrs.	Total
\$484	\$474	\$429	\$439	\$525	\$484
\$23,224	\$5,684	\$5,214,828	\$5,032,007	\$15,538,525	\$25,857,310
4	1	1,014	956	2,467	4,453
10–14 yrs.	15–19 yrs.	20–24 yrs.	2010 25–29 yrs.	30 or more yrs.	Total
\$566	\$474	\$438	\$449	\$532	\$492
\$20,382	\$11,368	\$5,334,533	\$5,139,796	\$15,865,603	\$26,404,079
3	2	1,016	954	2,487	4,470
10–14 yrs.	15–19 yrs.	20–24 yrs.	2009 25–29 yrs.	30 or more yrs.	Total
\$566	\$474	\$436	\$448	\$526	\$488
\$20,382	\$11,368	\$5,012,288	\$4,890,068	\$14,497,402	\$24,463,744
3	2	959	909	2,298	4,179
10–14 yrs.	15–19 yrs.	20–24 yrs.	2008 25–29 yrs.	30 or more yrs.	Total
\$484	\$474	\$420	\$438	\$513	\$474
\$23,224	\$11,368	\$4,291,716	\$4,272,401	\$12,376,720	\$21,008,154
4	2	851	813	2,012	3,690
10–14 yrs.	15–19 yrs.	20–24 yrs.	2007 25–29 yrs.	30 or more yrs.	Total
\$402	\$439	\$383	\$408	\$467	\$435
\$24,135	\$10,526	\$3,481,912	\$3,611,050	\$10,115,236	\$17,275,791
5	2	754	737	1,804	3,311

SCHEDULES OF AVERAGE BENEFIT PAYMENT AMOUNTS – OPEB PLANS*

GROUP I – POLITICAL SUBDIVISION EMPLOYEES***

	2014		
	Service	0-4 yrs.**	5-9 yrs.
Average Monthly Benefit		\$310	\$341
Annual Benefits		\$52,132	\$28,644
Number of retired members		14	7
*Includes 6 members who did not have service reported.			
	2013		
	Service	0-4 yrs.**	5-9 yrs.
Average Monthly Benefit		\$299	\$342
Annual Benefits		\$57,378	\$41,047
Number of retired members		16	10
**Includes 6 members who did not have service reported.			
	2012		
	Service	0-4 yrs.**	5-9 yrs.
Average Monthly Benefit		\$322	\$341
Annual Benefits		\$65,652	\$32,763
Number of retired members		17	8
**Includes 7 members who did not have service reported.			
	2011		
	Service	0-4 yrs.**	5-9 yrs.
Average Monthly Benefit		\$330	\$348
Annual Benefits		\$67,317	\$41,814
Number of retired members		17	10
**Includes 8 members who did not have service reported.			
	2010		
	Service	0-4 yrs.**	5-9 yrs.
Average Monthly Benefit		\$367	\$338
Annual Benefits		\$65,985	\$44,665
Number of retired members		15	11
**Includes 8 members who did not have service reported.			
	2009		
	Service	0-4 yrs.**	5-9 yrs.
Average Monthly Benefit		\$364	\$350
Annual Benefits		\$65,541	\$46,198
Number of retired members		15	11
**Includes 7 members who did not have service reported.			
	2008		
	Service	0-4 yrs.**	5-9 yrs.
Average Monthly Benefit		\$327	\$373
Annual Benefits		\$62,810	\$49,275
Number of retired members		16	11
**Includes 9 members who did not have service reported.			
	2007		
	Service	0-4 yrs.**	5-9 yrs.
Average Monthly Benefit		\$312	\$327
Annual Benefits		\$48,722	\$39,286
Total Retirees		13	10
**Includes 10 members who did not have service reported.			

*Data prior to fiscal year 2007 is not available. Data for future fiscal years will be added prospectively.

***In addition, there are 492 retirees eligible for a deferred subsidy.

						2014
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$362	\$390	\$383	\$375	\$440	\$396	
\$43,404	\$18,717	\$2,813,725	\$1,383,078	\$1,896,501	\$6,236,201	
10	4	612	307	359	1,313	
						2013
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$419	\$390	\$395	\$389	\$455	\$409	
\$60,359	\$18,717	\$2,965,642	\$1,446,483	\$2,000,382	\$6,590,008	
12	4	626	310	366	1,344	
						2012
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$382	\$359	\$403	\$398	\$469	\$419	
\$59,623	\$21,559	\$3,137,104	\$1,534,994	\$2,196,314	\$7,048,009	
13	5	649	321	390	1,403	
						2011
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$404	\$390	\$415	\$416	\$493	\$435	
\$58,229	\$18,717	\$3,257,086	\$1,655,639	\$2,314,398	\$7,413,200	
12	4	654	332	391	1,420	
						2010
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$424	\$373	\$428	\$424	\$502	\$446	
\$60,991	\$17,881	\$3,406,946	\$1,689,244	\$2,404,823	\$7,690,535	
12	4	663	332	399	1,436	
						2009
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$447	\$390	\$428	\$417	\$505	\$444	
\$75,081	\$18,717	\$3,179,812	\$1,515,015	\$2,029,561	\$6,929,925	
14	4	619	303	335	1,301	
						2008
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$472	\$390	\$423	\$416	\$512	\$443	
\$73,661	\$18,717	\$2,789,673	\$1,334,025	\$1,879,964	\$6,208,125	
13	4	550	267	306	1,167	
						2007
10-14 yrs.	15-19 yrs.	20-24 yrs.	25-29 yrs.	30 or more yrs.	Total	
\$462	\$358	\$396	\$375	\$459	\$408	
\$83,195	\$21,504	\$2,107,362	\$1,094,540	\$1,492,664	\$4,887,273	
15	5	442	243	271	999	

SCHEDULES OF AVERAGE BENEFIT PAYMENT AMOUNTS – OPEB PLANS*

GROUP I – STATE EMPLOYEES***

	2014		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$439	\$439
Annual Benefits		\$416,243	\$353,356
Number of retired members		79	67

*Includes 3 members who did not have service reported.

	2013		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$458	\$440
Annual Benefits		\$428,585	\$369,538
Number of retired members		78	70

**Includes 4 members who did not have service reported.

	2012		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$401	\$444
Annual Benefits		\$649,228	\$367,976
Number of retired members		135	69

**Includes 60 members who did not have service reported.

	2011		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$408	\$455
Annual Benefits		\$724,932	\$382,467
Number of retired members		148	70

**Includes 76 members who did not have service reported.

	2010		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$411	\$483
Annual Benefits		\$789,405	\$405,955
Number of retired members		160	70

**Includes 76 members who did not have service reported.

	2009		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$410	\$497
Annual Benefits		\$842,110	\$411,185
Number of retired members		171	69

**Includes 86 members who did not have service reported.

	2008		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$405	\$499
Annual Benefits		\$889,207	\$419,431
Number of retired members		183	70

**Includes 99 members who did not have service reported.

	2007		
	Service	0–4 yrs.**	5–9 yrs.
Average Monthly Benefit		\$373	\$499
Annual Benefits		\$838,008	\$455,030
Total Retirees		187	76

**Includes 115 members who did not have service reported.

*Data prior to fiscal year 2007 is not available. Data for future fiscal years will be added prospectively.

***In addition, there are 135 retirees eligible for a deferred subsidy.

			2014		
10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
\$397	\$405	\$351	\$366	\$373	\$373
\$385,589	\$199,311	\$2,211,341	\$1,555,990	\$3,478,906	\$8,600,736
81	41	525	354	777	1,924

			2013		
10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
\$408	\$404	\$353	\$369	\$384	\$379
\$435,853	\$203,412	\$2,213,280	\$1,575,687	\$3,624,803	\$8,851,158
89	42	522	356	787	1,944

			2012		
10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
\$419	\$398	\$360	\$369	\$395	\$384
\$437,722	\$205,609	\$2,349,911	\$1,642,715	\$3,805,681	\$9,458,842
87	43	544	371	802	2,051

			2011		
10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
\$432	\$405	\$370	\$378	\$403	\$393
\$482,302	\$208,938	\$2,503,738	\$1,772,785	\$4,052,072	\$10,127,234
93	43	564	391	838	2,147

			2010		
10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
\$432	\$412	\$376	\$381	\$412	\$400
\$487,783	\$212,754	\$2,559,991	\$1,858,335	\$4,238,332	\$10,552,555
94	43	567	406	857	2,197

			2009		
10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
\$436	\$406	\$384	\$384	\$420	\$406
\$497,284	\$214,419	\$2,678,358	\$1,952,886	\$4,460,274	\$11,056,516
95	44	581	424	884	2,268

			2008		
10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
\$437	\$414	\$392	\$399	\$427	\$413
\$509,140	\$223,432	\$2,815,199	\$2,051,632	\$4,628,374	\$11,536,415
97	45	599	429	904	2,327

			2007		
10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
\$409	\$424	\$334	\$375	\$406	\$393
\$456,490	\$274,872	\$2,535,540	\$1,965,753	\$4,669,153	\$11,194,846
93	54	570	437	958	2,375

PRINCIPAL PARTICIPATING EMPLOYERS

**PRINCIPAL PARTICIPATING EMPLOYERS – PENSION PLAN
CURRENT YEAR AND NINE YEARS AGO**

	As Of June 30, 2014			As Of June 30, 2005		
	# of Covered	Rank	Percentage of Total	# of Covered	Rank	Percentage of Total
Participating Government	Employees	Rank	Pension Plan	Employees	Rank	Pension Plan
State of New Hampshire	9,939	1	20.57%	11,711	1	22.94%
SAU 42 (Nashua School District)	1,285	2	2.66%	1,348	3	2.64%
Manchester School District	1,231	3	2.55%	1,435	2	2.81%
Community College System of New Hampshire	838	4	1.73%	—	—	—
Timberlane School District	666	5	1.38%	—	—	—
Merrimack School District	618	6	1.28%	647	4	1.27%
City of Nashua	617	7	1.28%	604	6	1.18%
City of Dover	591	8	1.22%	—	—	—
SAU 54 (Rochester School District)	580	9	1.20%	586	8	1.15%
Concord School District	571	10	1.18%	618	5	1.21%
All Other*	31,371		64.95%	34,111		66.80%
Total (471 Governments)	48,307		100.00%	51,060		100.00%

*As of June 30, 2014, "All Other" consisted of:

Type	Number	Employees
City Governments	11	2,331
Town Governments & Related Entities	242	5,696
County Governments & Related Entities	12	3,259
School Districts & School Administrative Units	196	20,085
Total	471	31,371

A full list of participating employers as of June 30, 2014 begins on page 135.

**PRINCIPAL PARTICIPATING EMPLOYERS – GROUP II POLICE OFFICERS AND FIREFIGHTERS
OPEB PLAN CURRENT YEAR AND NINE YEARS AGO**

	As Of June 30, 2014			As Of June 30, 2008**		
	# of Covered	Rank	Percentage of Total	# of Covered	Rank	Percentage of Total
Participating Government	Employees	Rank	OPEB Plan	Employees	Rank	OPEB Plan
State of New Hampshire	693	1	26.30%	620	1	25.83%
City of Manchester	286	2	10.85%	310	2	12.92%
City of Nashua	246	3	9.34%	221	3	9.21%
City of Concord	110	4	4.17%	118	4	4.92%
Town of Salem	110	4	4.17%	98	5	4.08%
City of Portsmouth	84	5	3.19%	80	6	3.33%
City of Dover	77	6	2.92%	61	7	2.54%
Town of Derry	57	7	2.16%	48	9	2.00%
City of Keene	56	8	2.13%	50	8	2.08%
Town of Hampton	52	9	1.97%	48	9	2.00%
All Other*	864		32.80%	746		31.09%
Total (141 Governments)	2,635		100.00%	2,400		100.00%

*As of June 30, 2014, "All Other" consisted of:

Type	Number	Employees
City Governments	7	200
Town Governments & Related Entities	114	558
County Governments & Related Entities	10	106
Total	131	864

**Data for nine years ago is not available due to changes in accounting systems. Data for June 30, 2008 will be reported prospectively until such time as data is available for nine years ago.

**PRINCIPAL PARTICIPATING EMPLOYERS – GROUP I TEACHERS
OPEB PLAN CURRENT YEAR AND NINE YEARS AGO**

	As Of June 30, 2014			As Of June 30, 2008**		
	# of Covered	Rank	Percentage of Total	# of Covered	Rank	Percentage of Total
Participating Government	Employees	Rank	OPEB Plan	Employees	Rank	OPEB Plan
Manchester School District	502	1	11.48%	464	1	12.57%
SAU 42 (Nashua School District)	390	2	8.92%	304	2	8.24%
Concord School District	193	3	4.42%	181	3	4.91%
Keene School District	166	4	3.80%	147	4	3.98%
Portsmouth School District	139	5	3.18%	142	5	3.85%
Salem School District	117	6	2.68%	90	6	2.44%
Dover School District	100	7	2.29%	85	7	2.30%
Merrimack School District	98	8	2.24%	—	—	—
SAU 54 (Rochester School District)	90	9	2.06%	73	9	1.98%
SAU 10 (Derry Coop School District)	80	10	1.83%	—	—	—
All Other*	2,496		57.10%	2,204		59.73%
Total (165 Governments)	4,371		100.00%	3,690		100.00%

*As of June 30, 2014, "All Other" consisted of:

Type	Number	Employees
School Districts & School Administrative Units	155	2,496
Total		

**Data for nine years ago is not available due to changes in accounting systems. Data for June 30, 2008 will be reported prospectively until such time as data is available for nine years ago.

**PRINCIPAL PARTICIPATING EMPLOYERS – GROUP I POLITICAL SUBDIVISION EMPLOYEES
OPEB PLAN CURRENT YEAR AND NINE YEARS AGO**

	As Of June 30, 2014			As Of June 30, 2008**		
	# of Covered	Rank	Percentage of Total	# of Covered	Rank	Percentage of Total
Participating Government	Employees	Rank	OPEB Plan	Employees	Rank	OPEB Plan
City of Concord	71	1	5.41%	71	1	6.08%
City of Nashua	43	2	3.27%	37	2	3.17%
Hillsborough County	41	3	3.12%	36	3	3.08%
Concord School District	34	4	2.59%	27	5	2.31%
City of Portsmouth	34	4	2.59%	26	6	2.23%
Rockingham County	31	5	2.36%	28	4	2.40%
City of Keene	29	6	2.21%	—	—	—
Merrimack County	28	7	2.13%	27	5	2.31%
Grafton County	27	8	2.06%	26	6	2.23%
City of Dover	26	9	1.98%	—	—	—
All Other*	949		72.28%	889		73.79%
Total (214 Governments)	1,313		100.00%	1,167		100.00%

*As of June 30, 2014, "All Other" consisted of:

Type	Number	Employees
City Governments	11	89
Town Governments & Related Entities	63	216
County Governments & Related Entities	7	58
School Districts & School Administrative Units	123	586
Total	204	949

**Data for nine years ago is not available due to changes in accounting systems. Data for June 30, 2008 will be reported prospectively until such time as data is available for nine years ago.

**PRINCIPAL PARTICIPATING EMPLOYERS – GROUP I STATE EMPLOYEES
OPEB PLAN CURRENT YEAR AND NINE YEARS AGO**

	As Of June 30, 2014			As Of June 30, 2008**		
	# of Covered	Rank	Percentage of Total	# of Covered	Rank	Percentage of Total
Participating Government	Employees	Rank	OPEB Plan	Employees	Rank	OPEB Plan
State of New Hampshire	1,811	1	94.13%	2,320	1	99.70%
Community College System of New Hampshire	106	2	5.51%	—	—	—
New Hampshire Retirement System	7	3	0.36%	7	2	0.30%
Total (6 Governments)	1,924		100.00%	2,327		100.00%

**Data for nine years ago is not available due to changes in accounting systems. Data for June 30, 2008 will be reported prospectively until such time as data is available for nine years ago.

**LISTING OF PARTICIPATING
EMPLOYERS**

STATE GOVERNMENT

State of New Hampshire E, P, F
 Community College System of
 New Hampshire E
 Community Development Finance
 Authority E
 Land & Community Heritage
 Investment Program E
 New Hampshire Retirement
 System E
 Pease Development Authority E

**CITIES AND TOWNS (AND
RELATED ENTITIES)**

Albany E
 Alexandria E, P
 Allenstown E, P, F
 Allenstown Sewer Commission E
 Alstead P
 Alton E, P, F
 Amherst P, F
 Andover P
 Androscoggin Valley Regional
 Refuse Disposal Dist. E
 Antrim E, P
 Ashland E, P
 Ashland Electric Department E
 Atkinson E, P
 Auburn E, P, F
 Baker Free Library E
 Barnstead E, P, F
 Barrington E, P, F
 Bartlett P, F
 BCEP Solid Waste
 District E
 Bedford E, P, F
 Belmont E, P, F
 Bennington E, P
 Berlin E, P, F
 Berlin Housing Authority E
 Berlin Water Works E

Bethlehem E, P, F
 Boscawen E, P
 Bow E, P, F
 Bradford P
 Brentwood E, P, F
 Bridgewater P, F
 Bristol E, P, F
 Brookline E, P, F
 Brookline Public Library E
 Campton E, P
 Campton-Thornton Fire
 Department E, F
 Canaan E, P
 Candia P
 Canterbury E, P, F
 Carroll E, P, F
 Center Harbor P
 Central Hooksett Water
 Precinct E
 Charlestown E, P
 Chester E, P, F
 Chesterfield E, P
 Chichester E, P
 Claremont E, P, F
 Clarksville E
 Colebrook E, P
 Concord E, P, F
 Concord Regional Solid Waste
 Resource Recovery Facility E
 Conway E, P
 Conway Village Fire
 District E, F
 Cornish E
 Danville P
 Deerfield E, P
 Deering P
 Derry E, P, F
 Derry Housing Authority E
 Dorchester E
 Dover E, T, P, F

Dover Housing Authority E
 Dublin E, P
 Dunbarton E, P
 Durham E, P, F
 East Kingston E, P, F
 Effingham P
 Eidelweiss Village District E
 Enfield E, P
 Epping E, P, F
 Epsom E, P, F
 Exeter E, P, F
 Farmington P, F
 Fitzwilliam E, P
 Francestown E, P
 Franconia P
 Franklin E, P, F
 Freedom P, F
 Fremont P
 Gilford E, P, F
 Gilmanton E, P, F
 Goffstown E, P, F
 Goffstown Village Water
 Precinct E
 Gorham E, P, F
 Goshen E, P
 Grafton E, P
 Grantham E, P
 Greenfield E, P
 Greenland E, P
 Greenville E, P
 Groton E, P
 Hampstead E, P, F
 Hampton E, P, F
 Hampton Falls E, P, F
 Hancock P
 Hanover E, P, F
 Harrisville P
 Haverhill E, P
 Hebron E, P

KEY: E – Employees T – Teachers P – Police Officers F – Firefighters
 SAU – School Administrative Unit

Henniker E, P, F	Lyndeborough P	New Hampshire Municipal Bond Bank E
Hillsborough P, F	Madison E, P	North Conway Water Precinct/ Fire Department E, F
Hinsdale E, P	Manchester P, F	North Hampton E, P, F
Holderness E, P, F	Marlborough E, P	Northfield E, P
Hollis E, P, F	Marlow E	Northumberland E, P
Hooksett E, P, F	Mason P	Northwood E, P, F
Hooksett Public Library E	Maxfield Public Library E	Nottingham P, F
Hooksett Sewer Commission E	Meredith E, P, F	Orford E, P
Hooksett Village Water Precinct E	Meriden Village Water District E	Ossipee E, P
Hopkinton E, P, F	Merrimack E, P, F	Pelham E, P, F
Hudson E, P, F	Merrimack Village District E	Pembroke E, P
Jackson E, P	Middleton P	Penacook-Boscawen Water Precinct E
Jaffrey E, P, F	Milford E, P, F	Peterborough E, P, F
Jefferson E	Milford Area Communication Center E	Piermont P
Keene E, P, F	Milton E, F, P	Pittsburg E, P
Kensington P	Monroe E	Pittsfield E, P, F
Kingston E, F, P	Mont Vernon E, P	Plainfield E, P
Laconia E, P, F	Moultonborough E, P, F	Plastow E, P, F
Laconia Housing & Redevelopment E	Nashua E, P, F	Plastow Public Library E
Laconia Water Works E	Nashua Airport Authority E	Plymouth E, P, F
Lakes Region Mutual Fire Aid E, F	Nashua Housing Authority E	Plymouth Village Water & Sewer E
Lakes Region Planning Commission E	Nelson E	Portsmouth E, P, F
Lancaster E, P, F	New Boston P	Portsmouth Housing Authority E
Langdon P	New Castle E, P, F	Raymond E, P, F
Lebanon E, P, F	New Durham E, P	Rindge E, P, F
Lee E, P, F	New England Interstate Water Pollution Control Commission E	Rochester E, P, F
Lempster E, P	New Hampton E, P, F	Rockingham Planning Commission E
Lincoln E, P	New Ipswich E, P	Rollinsford P
Lisbon P	New London E, P, F	Rumney E, P
Litchfield E, P, F	New London-Springfield Water Precinct E	Rye E, P, F
Littleton E, P, F	Newbury P	Rye Water District E
Littleton Public Library E	Newfields E, P	Salem E, P, F
Littleton Water & Light Department E	Newington E, P, F	Salem Housing Authority E
Londonderry E, P, F	Newmarket E, P, F	Salisbury E
Loudon E, P, F	Newport E, P, F	Sanbornton E, P, F
Lyme E, P	Newton E, P	

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Sanbornton Public Library E	Waterville Valley E, P, F	Barrington School District E, T
Sandown E, P, F	Weare E, P	Bartlett School District E, T
Sandown Public Library E	Webster E, P	Bath School District E, T
Sandwich P	Weeks Public Library E	Bedford School District E, T
Seabrook P, F	Westmoreland E	Bethlehem School District E, T
Shelburne E	Whitefield E, P, F	Bow School District E, T
Somersworth E, P, F	Wilmot E, P	Brentwood School District E, T
Somersworth Housing Authority E	Wilton P	Brookline School District E, T
South Hampton P	Winchester E, P	Campton School District E, T
Southern NH Planning Commission E	Windham E, P, F	Candia School District E, T
Springfield E, P	Wolfeboro E, P, F	Chester School District E, T
Stark E	Woodstock E, P	Chesterfield School District E, T
Stewartstown E, P	Woodsville Fire District E	Chichester School District E, T
Strafford P	Woodsville Water & Light Department E	Claremont School District E, T
Stratford E		Cocheco Arts & Technology Academy T
Stratham E, P	COUNTY GOVERNMENTS (AND RELATED ENTITIES)	Colebrook School District T
Sugar Hill E, P	Belknap County E, P	Concord School District E, T
Sunapee E, P	Belknap County Conservation District E	Contoocook Valley Regional School District-SAU 1 E, T
Sutton P	Carroll County E, P	Conway School District E, T
Swanzey P, F	Cheshire County E, P	Cornish School District E, T
SWNH District Fire Mutual Aid E, F	Coos County E, P	Croydon School District T
Tamworth E, P, F	Coos County Nursing Home E	Deerfield School District T
Thornton E, P	Grafton County E, P	Dresden School District E, T
Tilton E, P	Hillsborough County E, P	Dunbarton School District T
Tilton/Northfield Fire District E, F	Merrimack County E, P	East Kingston School District E, T
Troy E, P	Rockingham County E, P, F	Epping School District E, T
Troy Water & Sewer E	Strafford County E, P	Epsom School District T
Tuftonboro E, P, F	Sullivan County E, P	Errol School District T
Unity E		Exeter School District E, T
Village District of Eastman E	SCHOOL DISTRICTS	Exeter Regional Co-Op School District E, T
Wakefield E, P, F	Allenstown School District T	Fall Mountain Regional School District E, T
Walpole E, P	Alton School District E, T	Farmington School District E, T
Warner E, P	Amherst School District E, T	Franklin School District E, T
Warner Village Water District E	Andover School District E, T	Freedom School District E, T
Washington E, P	Ashland School District E, T	Fremont School District E, T
Waterville Estates Village District E	Auburn School District E, T	Gilford School District E, T
	Barnstead School District E, T	

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Gilmanton School District E, T	Lafayette Regional Cooperative School District E, T	Newmarket School District E, T
Goffstown School District E, T	Landaff School District T	Newport School District E, T
Goshen-Lempster School District E, T	Lebanon School District E, T	Next Charter School T
Governor Wentworth Regional School District E, T	Lincoln Woodstock Coop School District E, T	North Country Charter Academy T
Grantham School District E, T	Lisbon Regional School District E, T	North Country Education Service E, T
Great Bay eLearning Charter School T	Litchfield School District E, T	North Hampton School District E, T
Greenland School District E, T	Littleton School District E, T	Northumberland School District E, T
GRS Cooperative School District E, T	Londonderry School District E, T	Northwood School District E, T
Hampstead School District E, T	Lyme School District E, T	Nottingham School District E, T
Hampton Falls School District E, T	Madison School District E, T	Oyster River Coop School District E, T
Hampton School District E, T	Manchester School District E, T	Pelham School District E, T
Hanover School District E, T	Marlborough School District E, T	Pembroke School District E, T
Harrisville School District E, T	Marlow School District E, T	Pemi-Baker Regional School District E, T
Haverhill Coop School District E, T	Mascenic Regional School District E, T	Piermont School District E, T
Henniker School District E, T	Mascoma Valley Regional School District E, T	Pittsburg School District E, T
Hill School District E, T	Mason School District E, T	Pittsfield School District E, T
Hillsboro-Deering School District E, T	Merrimack School District E, T	Plainfield School District E, T
Hinsdale School District E, T	Merrimack Valley School District E, T	Plymouth School District E, T
Holderness School District E, T	Milan School District E, T	Portsmouth School District — SAU 52 E, T
Hollis School District E, T	Milford School District E, T	Portsmouth—Josie F. Prescott E
Hollis/Brookline Coop School District E, T	Milton School District E, T	Profile Coop School District E, T
Hooksett School District E, T	Monadnock Regional School District E, T	Propsect Mountain High School E, T
Hopkinton School District E, T	Monroe School District E, T	Raymond School District E, T
Hudson School District E, T	Mont Vernon School District E, T	Rivendell Interstate School District E, T
Inter-Lakes Cooperative School District E, T	Moultonborough School District E, T	Rollinsford School District E, T
Jackson School District E, T	Nelson School District T	Rumney School District T
Jaffrey-Rindge Co-op E, T	New Boston School District E, T	Rye School District E, T
John Stark Regional School District E, T	New Castle School District E, T	Salem School District E, T
Kearsarge Regional Cooperative School District E, T	Newfields School District E, T	Sanborn Regional School District E, T
Keene School District E, T	Newfound Area School District E, T	Seabrook School District E, T
Kensington School District E, T	Newington School District E, T	Seacoast Charter School T
Laconia School District E, T		Shaker Regional School District E, T

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