



Employer Reporting and Payment Penalties

The integrity of the data that NHRS receives from employers is crucial to its ability to effectively administer retirement benefits. Without timely and accurate payroll information and payment of contributions, the retirement system cannot post member interest, issue refunds to terminated members, or correctly calculate or finalize pensions for recent retirees.

NHRS is authorized to assess employer penalties for monthly payroll reporting files that are not free of exceptions and posted to the NHRS Data Reporting System (DRS) by the 15th of the month.

NHRS is also authorized to assess employer penalties for member and employer contribution payments that are not accurately remitted to the retirement system by the 25th of the month.

Both penalties are assessed as interest on the amount of monthly employer contributions due at the rate of one percent (1%) for each month or fraction thereof that the data or payment issues remain uncorrected. Employers may request a waiver of any penalties in writing on letterhead.

In addition, NHRS is authorized to assess a penalty to employers who do not submit annual retiree reporting by February 15 of each calendar year – including making an acknowledgment that they have no retirees to report – or who fail to timely submit any other information required for the proper administration of the retirement system.

Data Reporting

Employers will receive an interest penalty assessment notice for files that are not free of exceptions and posted by the monthly due date. This means that any file exceptions must be cleared by the 15th so the file can be posted.

To aid employers with clearing exceptions, the retirement system has provided written instructions on how to correct the most common file exceptions. To view these instructions, see our Employer Resources page:

<https://www.nhrs.org/employers/employer-resources>

Submission of Payments

Payments submitted to NHRS are subject to a penalty if the payment is not received by the 25th of the month. NHRS does not consider the postmark date as the receipt date when determining if a payment is late. Employers should assure that payment is actually received by NHRS no later than the 25th of each month.

NHRS accepts payments by Automated Clearing House (ACH) – including NHRS *QuickPay* – and encourages all employers to make their contribution payments using this method, which is the most secure and timely payment option available. See below for more information on the advantages of NHRS *Quickpay*.

Retiree Reporting

Annual reporting of retiree hours worked and compensation paid in the prior calendar year is due to NHRS no later than February 15. An employer that did not employ any retirees in the calendar year needs to annually certify, no later than February 15, that it did not employ any retirees in the prior calendar year. Employers are also required to annually review the list of retirees initially reported as “grandfathered” and, if needed, remove any retirees who terminated employment or changed positions in the prior calendar year.

Employers may be subject to a penalty of up to \$25 per day for noncompliance with the retiree reporting requirements listed above.

Before a penalty is assessed, the NHRS Board of Trustees shall notify the employer in writing of the noncompliance, identifying the reasons for the finding of noncompliance, and shall request the employer to explain to the board in writing within 30 days of the notification how the noncompliance occurred. Upon expiration of the 30 day period, the board may impose all or a portion of the penalty provided for in this paragraph, unless there is a showing that the employer did not willfully, intentionally, through gross negligence, or through a pattern of negligence fail to file the data as required.

For additional information on retiree reporting, see: <https://www.nhrs.org/employers/employer-resources>

Other Required Data and Information

NHRS is authorized to assess a penalty to employers who fail to timely submit any information required for the proper administration of the retirement system, including, but not limited to, termination forms; other information necessary to process a member's retirement application; information relating to service credit purchases; and information necessary to perform employer audits and process record corrections.

Employers may be subject to a penalty of up to \$200 per day for noncompliance.

Before a penalty is assessed, the board shall notify the employer in writing of the noncompliance, identifying the reasons for the finding of noncompliance, and shall request the employer to explain to the board in writing within 30 days of the notification how the noncompliance occurred. Upon expiration of the 30 day period, the board may impose all or a portion of the penalty provided for in this paragraph, unless there is a showing that the employer did not willfully, intentionally, through gross negligence, or through a pattern of negligence fail to file the data as required.

Frequently Asked Questions

Can employers appeal penalty assessments?

Yes. Regarding monthly payroll reporting and contribution payments, RSA 100-A:16, V, states that, "For reasonable cause, the board may abate all or any part of the interest." The administrative rule cited below further clarifies that a penalty cannot be abated without "showing that the employer had not willfully, intentionally, through gross negligence or through a pattern of negligence failed to timely remit contributions." Note that while one-time instances of oversight related to items such as staffing issues or data-entry mistakes may be abated, repeated requests for a waiver based on the same circumstances would constitute "a pattern of negligence." Requests for penalty waiver should be submitted on letterhead.

The administrative rule (Ret 303.01 and included below) says reporting and payments are due by the 15th and 25th of each month, respectively. How is the due date impacted if the 15th or 25th falls on a weekend or holiday?

If either deadline falls on a weekend or holiday, the file must be posted, or payment received, no later than the first business day following the weekend or holiday. Please note: the 15th is the due date to submit files to NHRS, however, employers may submit their files any time after the last pay date in the previous month up until the due date.

If using NHRS *QuickPay* or another Automated Clearing House (ACH) payment portal, contribution payments can be scheduled in advance to post on the 25th.

What is ACH and how can it benefit me as an employer?

ACH is an electronic network for financial transactions. ACH credit transfers include direct deposit, payroll and vendor payments.

Using NHRS *QuickPay* is the quickest, safest, and most cost-effective way to send payments to NHRS. And it's free!

Benefits to the employer include:

- Cost savings by not printing and mailing checks (saving on check stock, MICR toner, postage and labor.)
- Better cash management – a pre-established effective date determines when the payment leaves your bank and that the funds are remitted to NHRS the same day.
- ACH payments are more secure than checks, eliminate potential mail delivery issues and can be tracked more efficiently.
- ACH payments do not require humans to read digits and/or OCR software to electronically read handwriting, which results in lower error rates.
- There is less opportunity for fraud with an ACH payment because bank account and ABA numbers are entered into a secure system and encrypted.

Please contact the NHRS Finance Department at cash_receipts@nhrs.org or (603) 410-3652 if you would like NHRS *QuickPay* setup instructions.

Additional Background

RSA 100-A:16, V:

Notwithstanding any other provision of law any member contributions deducted by an employer, or any employer assessments or contributions not remitted or that cannot be processed at the times designated by the board of trustees due to data reporting errors, shall be subject to interest on the amount due at the rate of one percent for each month or fraction thereof that they remain unpaid. For reasonable cause, the board may abate all or any part of the interest.

RSA 100-A:16, VII (b):

Notwithstanding any other provision of law, employers may be subject to a penalty of up to \$25 per day for noncompliance with the data reporting requirements of subparagraph (a), including data that was not timely remitted or data that cannot be processed at the times designated by the board of trustees due to data reporting errors by the employer. Before a penalty is assessed, the board shall notify the employer in writing of the noncompliance, identifying the reasons for the finding of noncompliance, and shall request the employer to explain to the board in writing within 30 days of the notification how the noncompliance occurred. Upon expiration of the 30 day period, the board may impose all or a portion of the penalty provided for in this paragraph, unless there is a showing that the employer did not willfully, intentionally, through gross negligence, or through a pattern of negligence fail to file the data as required.

RSA 100-A:16, VIII:

Any employer who fails to provide, within 30 days of a written request, any information required for the proper administration of the retirement system, including, but not limited to, termination forms; other information necessary to process a member's retirement application; information relating to service credit purchases; and information necessary to perform employer audits and process record corrections arising therefrom, shall be subject to a noncompliance penalty of \$200 per day. Before a penalty is assessed, the board shall notify the employer in writing of the noncompliance, identifying the reasons for the finding of noncompliance, and shall request the employer to explain to the board in writing within 30 days of the notification how the noncompliance occurred. Upon expiration of the 30-day period, the board may impose all or a portion of the penalty provided for in this paragraph, unless there is a showing that the employer did not willfully, intentionally, through gross negligence, or through a pattern of negligence, fail to provide the information as requested.

NH Administrative Rule Ret 303.01:

(a) All member/employer contributions shall be remitted to the NHRS monthly in accordance with Ret 307.06. Remittance reports shall be due in the NHRS by the 15th of the month for the previous month's contributions. Payments shall be due in the NHRS by the 25th of the month for the previous month's contributions. Any member/employer payments not timely or accurately remitted shall be assessed interest as provided in (b), below.

(b) An interest penalty of one percent for each month or fraction thereof that contributions are not timely or accurately remitted shall be assessed against the delinquent employer. In computing interest under this paragraph and under RSA 100-A:16, V, a fraction of a month shall be counted as a full month.

(c) The board of trustees or its designee shall not abate interest penalties of more than \$100.00 except upon a showing that the employer had not willfully, intentionally, through gross negligence, or through a pattern of negligence failed to timely or accurately remit contributions.

(d) The executive director or designee shall not abate interest penalties of \$100.00 or less except upon a showing that the employer had not willfully, intentionally, through gross negligence, or through a pattern of negligence failed to timely or accurately remit contributions.

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