



NHRS Plan Legislative Changes 2007-2020

The following statutory changes to the New Hampshire Retirement System were made between 2007 and 2020:

2020 Legislative Session

None.

2019 Legislative Session

(a) Grants a one-time, 1.5% cost-of-living adjustment (COLA) on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiary of such member who is receiving a survivorship pension benefit. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020.

(b) Requires that the annual costs to the retirement system of preparing statutorily required fiscal analysis of proposed legislation be reimbursed to NHRS by the state.

(c) Changes the method for determining the proper NHRS membership classification of state "correctional line personnel" as defined in RSA 100-A.

(d) Classifies annual attendance stipends or bonuses as earnable compensation for NHRS provided that they are paid pursuant to a collective bargaining agreement, personnel policy, or other agreement applicable to substantially all employees and the amount of which is determined by reference to the amount of sick days an employee used in the calendar or fiscal year.

(e) Modifies the cost calculation methodologies for the purchase of service credit in the retirement system for active service in the armed forces prior to NHRS membership and in cases of employer enrollment oversight.

(f) Adds an active NHRS member to the NHRS Independent Investment Committee as a non-voting Committee member. The member would be appointed by the Governor from a list of nominations provided by public employee labor organizations.

2018 Legislative Session

(a) Limits NHRS retirees working part-time for retirement system participating employers to a maximum of 1,352 hours per calendar year. Retirees already working part-time are allowed to work up to 1,664 hours per calendar year for as long as they remain in the position they held on the effective date of the bill. The bill also contains a financial penalty for any retirees exceeding the statutory limits on annual hours worked and requires members who retire on/after 1/1/19 to wait 28 days from their effective date of retirement before commencing part-time employment with a participating employer.

(b) Grants a one-time additional allowance of \$500 in fiscal year 2019 to retired members who meet all of the following criteria: (a) The member retired with at least 20 years of creditable service; (b) The member

retired and has been receiving an allowance for at least 5 years prior to July 1, 2018; (c) The annual retirement allowance of the member on June 30, 2018, is not greater than \$30,000.

(c) Establishes a committee to study level dollar amortization of the retirement system's unfunded actuarial accrued liability (UAAL) and increases NHRS trustee terms from 2 years to 3 years.

(d) Requires the retirement system to amortize biennial unfunded liabilities accrued on or after July 1, 2017, for closed, fixed periods of no longer than 20 years.

(e) Allows a retiree whose election of a retirement system optional allowance was terminated as a result of a final divorce decree or final settlement agreement to nominate a current spouse after remarriage for a new optional allowance.

(f) Provides for the election by a certain surviving spouse of a Group II member to purchase up to one month of creditable service.

(g) Moves officers of the state office complex police force into Group II of the retirement system.

2017 Legislative Session

(a) Establishes renewable three-year terms for members of the retirement system's Independent Investment Committee.

(b) Requires the upcoming decennial retirement commission established in RSA 100-A:57 to review the following additional issues: the feasibility and cost of eliminating the reduction in a Group I retiree's retirement allowance at the age of 65; the current plan for paying off the retirement system's unfunded actuarial accrued liability; the effects of retirees returning to work; and, the effects that changes to employer contribution rates have on municipalities.

(c) Repeals the duties of the State Retiree Health Plan Commission to analyze and make recommendations regarding premium contributions under RSA 100-A:56, III(c) and (d).

2016 Legislative Session

(a) Modifies the administrative procedure regarding the assessment of employer penalties for noncompliance with retiree data reporting requirements.

(b) Requires that the presiding officer designated by the Board of Trustees in disability hearings shall not be the same person who made an initial disability determination and recommendation to the board.

(c) Allows a retired member to change an optional allowance (i.e. "survivorship option") to the maximum retirement allowance beyond the 120-day statutory limit in two additional instances.

2015 Legislative Session

None.

2014 Legislative Session

(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 employee 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.

2013 Legislative Session

- (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.

2012 Legislative Session

- (a) Modifies 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.
- (b) 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.
- (c) 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.
- (d) Changes the annual effective date of changes to the member interest rate from a fiscal year to a calendar year.
- (e) Clarifies the definition of “compensation over base pay” for members not vested prior to Jan. 1, 2012.
- (f) 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.
- (g) Modifies the definition of “part-time” for NHRS retirees employed by NHRS-participating employers.
- (h) Changes the date by which NHRS Trustees must approve the retirement system’s Comprehensive Annual Financial Report from Dec. 1 to Dec. 31 of each year.
- (i) RSA 100-A:53, II; RSA 100-A:53-e, II; RSA 100-A:16, II(h); and RSA 100-A:16, II(j), relative to the Special Account, are repealed.
- (j) RSA 100-A:16, III-a, commonly known as the employer “spiking” assessment, is repealed.

2011 Legislative Session

- (a) 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.
- (b) 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.
- (c) 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.
- (d) 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.

(e) 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.

(f) 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%

(g) Member Contributions –

Group I (Employee and Teacher) members: 7.0 percent of Earnable Compensation.

Group II Fire members: 11.80 percent of Earnable Compensation.

Group II Police members: 11.55 percent of Earnable Compensation.

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.

(h) Medical Subsidy – After July 1, 2007 the rate payable shall not be increased.

(i) Interest on the individual accounts of members in the member annuity savings fund shall be credited interest at 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 for the immediately preceding fiscal year as reported in the CAFR as approved and accepted by the board of trustees by December 1 of each year, provided the rate shall not be less than zero.

(j) Any retired member who retired from a political subdivision and is receiving a Medical Subsidy under RSA 100-A:52 or RSA 100-A:52-a shall be entitled to receive an additional temporary supplemental allowance. The amount of the additional temporary supplemental allowance shall be \$500 for retirees taking a one-person medical benefit and \$1,000 for retirees taking a two-person medical benefit, paid from the respective component of the reserve for TSAs. The supplemental allowance shall apply only for the fiscal years beginning July 1, 2008 up to and including the fiscal year beginning July 1, 2012.

(k) Transfers the balance in each Special Account component (Employee, Teacher, Police, and Fire) to the corresponding components of the State Annuity Accumulation Fund except for funds necessary to comply with RSA 100-A:41-d, III, as amended.

(l) Part-time employment of anyone who retired from an NHRS employer and is in receipt of a pension shall not exceed 32 hours in a normal calendar week, with some exceptions for employment within a 5-consecutive month block of any 12-month period. This limit only applies to retirees working for an NHRS participating employer.

(m) NHRS Board of Trustees will consist of four employee trustees (1 Teacher, 1 Employee, 1 Police, 1 Fire), four employer trustees (1 state, 1 county, 1 municipal, 1 school), four non-member trustees selected by the Governor, and the State Treasurer, who serves ex officio. The board must submit quarterly reports to the chairpersons of the House and Senate Executive Departments and Administration committees describing recent board actions including investment returns and any changes to actuarial assumptions.

(n) RSA 100-A:6, III(b)(3), relative to the Group II Accidental Disability beneficiary exception from gainful occupation reduction, is repealed.

(o) RSA 100-A:4-b and c, relative to members purchase of credit for out-of-state service, are repealed.

(p) Requires the Board of Trustees of the retirement system to recalculate employer contribution rates for the state fiscal years 2012 and 2013 to reflect approved legislative changes. Such employer contribution rates shall be effective "as soon as possible" following July 1, 2011.

(q) Employer assessment for "excess" end-of-career payments delayed until July 1, 2012 and assessment formula changed; NHRS directed to post an online calculator based on new formula within 30 days of passage.

(r) Transfers \$89,000,000 from the Group II Special Account to the State Annuity Accumulation Fund (SAAF).

(s) RSA 100-D, relative to the Sudan Divestment Act, is repealed.

2010 Legislative Session

(a) Extends the effective date from July 1, 2010 to July 1, 2011 of 2008 legislation (Chapter 300, Laws of 2008) which created a so-called "anti-spiking" provision through the enactment of a special 125% employer assessment. A legislative study commission will continue to evaluate proposals for the assessment methodology.

(b) Effective July 1, 2010, granted a 1.5 percent COLA to be added to the base pension on the first \$30,000 of pension benefits to all retirees and beneficiaries who had been retired for at least 12 months by July 1, 2010. In addition, two additional lump sum temporary allowances were provided as follows:

1.) Only for the fiscal year beginning July 1, 2010, a supplemental allowance of \$1,000 for any retired member or beneficiary who had been retired at least 12 months whose annual retirement is based on at least 15 years of service and is \$20,000 or less annually;

2.) Only for the fiscal year beginning July 1, 2010, a supplemental allowance of \$500 for any retired member or beneficiary who retired prior to January 1, 1993.

(c) Legislation passed in the fiscal year 2008 legislative session granted a third temporary supplemental allowance beginning July 1, 2008 and continuing on each July 1st through July 1, 2011. Retirees and beneficiaries receiving a one-person Medical Subsidy are to receive a lump sum temporary supplemental allowance of \$500 and retirees receiving a two-person Medical Subsidy are to receive a lump sum temporary supplemental allowance of \$1,000. Once a recipient becomes eligible for Medicare, the additional temporary supplemental allowances shall be reduced to 60 percent of the Non-Medicare eligible retiree amounts.

2009 Legislative Session

- (a) Sets the member contribution rate for all Group I State employees hired on or after July 1, 2009 at 7.0 percent of Earnable Compensation. The member contribution rate for State employees hired before July 1, 2009 remains at 5.0 percent.
- (b) Reduces the State's share of the political subdivision employers' normal cost from 35 percent to 30 percent for fiscal year 2010, and to 25 percent for the state fiscal year 2011. The State's share of political subdivision employer's normal cost reverts back to 35 percent for the state fiscal year 2012 and each fiscal year thereafter.
- (c) 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.
- (d) 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.
- (e) Requires NHRS, effective July 1, 2009, to deduct from the monthly pension benefit of retired Group I and Group II State employees, the amount of \$65.00 for each retiree and each spouse who are under age 65 and receiving healthcare coverage through the State of New Hampshire. The total monthly deduction may not exceed \$130.00.
- (f) Requires NHRS to re-certify employer contribution rates for fiscal years 2010 and 2011, based upon a July 1, 2009, State Employee OPEB Plan balance of zero and to base all future employer contribution rates for the State Employee OPEB Plan using the same zero balance.
- (g) Delays from August 29, 2008, until July 1, 2010 the implementation of RSA 100-A:16, III-a, which addresses the funding of dramatic increases in the pensions of NHRS members resulting from excessively high end-of-career Earnable Compensation payments made to a retiring employee by an employer. Known as the "spiking provision" or the "125% calculation provision", RSA 100-A:16, III-a provides that employers assume financial responsibility for the funding costs associated with those increased pension amounts.
- (h) Removes the application of the gainful occupation reductions to Accidental Disability Retirement pensions paid to retired Group II members who have attained age 45, and whose total years of service as a Group II member plus their years of Accidental Disability Retirement total at least 20 years.
- (i) 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.
- (j) Requires NHRS to develop by December 1, 2009 a specific methodology to determine the amount of the employer assessment for excess pension benefits paid to members who retire after July 1, 2010. Such methodology must account for the portion of the present value of the member's retirement benefit attributable to the compensation in excess of the member's base pay that has been funded through the normal employer contributions, including the state share of the employer contributions and the member contributions. In addition, every participating employer must report annually to NHRS the annual base pay paid to each member.

(k) Provides a Medical Subsidy benefit for certain Group I teacher and political subdivision employee members who retired with a Vested Deferred Retirement pension on or before July 1, 2009, if they were eligible to retire as of July 1, 2008, either: (1) with at least 20 years of Group I creditable service and had attained age 60, or subsequently attained age 60; Or (2) with at least 30 years of Group I creditable service and had attained age 55, or subsequently attained age 55.

(l) Establishes a committee, composed of two State Senators and four State Representatives, to study the imposition of employer assessments for excess benefits paid to NHRS retirees. In addition, NHRS is required to report on or before November 1, 2009 to the chairpersons of the House and Senate Executive Departments and Administration Committees relative to death benefits provided under RSA 100-A.

(m) 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.

(n) Effective July 1, 2009, granted a 1.5 percent COLA to be added to the base pension, on the first \$30,000 of pension benefits to all retirees and beneficiaries who had been retired for at least 12 months by July 1, 2009. In addition, two additional lump sum temporary allowances were provided as follows:

1.) Only for the fiscal year beginning July 1, 2009, a supplemental allowance of \$1,000 for any retired member or beneficiary who had been retired for at least 12 months whose annual retirement is based on at least 15 years of service and is \$20,000 or less annually;

2.) Only for the fiscal year beginning July 1, 2009, a supplemental allowance of \$500 for any retired member or beneficiary who retired prior to January 1, 1993.

In addition, legislation passed in the fiscal year 2008 legislative session granted a third temporary supplemental allowance beginning July 1, 2008, and continuing on each July 1st through July 1, 2011. Retirees and beneficiaries receiving a one-person Medical Subsidy are to receive a lump sum temporary supplemental allowance of \$500 and retirees receiving a two-person Medical Subsidy are to receive a lump sum temporary supplemental allowance of \$1,000. Once a recipient becomes eligible for Medicare, the additional temporary supplemental allowances shall be reduced to 60 percent of the non-Medicare eligible retiree amounts.

2008 Legislative Session

(a) Non-vested employees who leave employment may leave their money in the Pension Plan and continue to earn the lesser of 2 percent below the Plan's assumed rate of return or 2 percent below the actual rate of return on their funds provided the rate of return shall not be less than zero.

(b) After July 1, 2007, the 8 percent annual escalation increase in Medical Subsidy payments was frozen at 0 percent for four years, through and including July 1, 2011. The annual escalation increase will resume at a 4 percent rate effective July 1, 2012.

(c) On June 30, 2008, \$250 million was transferred from the Special Account reserve to the general account that funds the Pension Plan's annual annuity payments.

(d) On July 1, 2008, retirees or beneficiaries will receive a 1.5 percent increase added to their base pension for the first \$30,000 of their pension amount. In addition, three additional lump sum temporary supplemental allowances (TSA) were provided:

1. Only for the fiscal year beginning July 1, 2008 — a supplemental allowance of \$1,000 for any retired member who has been retired at least 12 months whose annual retirement is based on at least 15 years of service and is \$20,000 or less;
2. Only for the fiscal year beginning July 1, 2008 — a supplemental allowance of \$500 for any retired member who retired prior to January 1, 1993 or any beneficiary of such member;
3. For the fiscal years beginning July 1, 2008 up to and including the fiscal year beginning July 1, 2011 a temporary supplemental allowance of \$500 for retirees taking a one-person medical benefit and \$1,000 for retirees taking a 2-person medical benefit. Provided, however, that once a recipient is entitled to Medicare, the additional allowance shall be reduced to 60 percent of the non-Medicare eligible retiree amounts.

The 1.5 percent increase and the additional lump sum temporary allowances will be provided to the extent funds are available in each member classification component of the Special Account.

(e) Effective beginning July 1, 2009, employer contributions to the OPEB Plans will be the lesser of 25 percent of the employers' contribution to the Pension Fund or the actuarial rate determined by the actuary to be the minimum amount necessary to maintain the benefits provided by statute.

(f) Establishes a Retiree Health Care Benefits Funding Commission to propose a future retiree health care benefits model and a Cost of Living Adjustment (COLA) Study Commission to examine the feasibility of authorizing future COLAs for retirees at different rates to or within each subgroup within the Special Account.

(g) Requires new or reappointed members of the Board of Trustees to have finance or business management experience and also requires two non-member trustees to have substantial experience in the field of institutional investment or finance. Establishes voting status for the Board Chairperson in any Board action or resolution. Authorizes the Audit Committee to engage the services of an independent auditor, and to conduct performance audits.

(h) Effective January 1, 2009, established an Independent Investment Committee having the full power to invest and reinvest NHRS funds in accordance with the investment policy set by the Board of Trustees. The Independent Investment Committee shall consist of not more than five members, three of whom are not members of the Board of Trustees and two of whom are members of the Board of Trustees. The Independent Investment Committee members are fiduciaries and are to discharge their duties solely in the interest of the participants and beneficiaries of the NHRS.

(i) Establishes an additional employer contribution in instances where a member's pension benefits are greater than 125 percent of the member's base pay. The employer is not restricted from making larger end-of-career compensation arrangements such as increased overtime, vacation, or severance pay; however, the amendment makes the employer directly responsible for the excess pension to the extent it is greater than 125 percent of the member's base pay.

(j) 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.

(k) Allows Employee and Teacher members of political subdivisions who are eligible to retire as of July 1, 2008, who have at least 20 years of credited service as of July 1, 2008 and who actually retire on or before July 1, 2009 (extended from July 1, 2008) to be eligible for the Medical Subsidy provided under the OPEB plans. Members with less than 30 years of credited service are eligible to begin receiving subsidy benefits at age 60 and members with 30 or more years of credited service are eligible to begin receiving subsidy benefits at age 55.

(l) 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.

(m) Requires the New Hampshire Retirement System Board of Trustees to divest all assets held by the New Hampshire Retirement System in any firm with active business operations in the Sudan.

(n) Amends RSA 100-A by stating that New Hampshire civil unions law as described in RSA 457-A shall not apply to the retirement system to the extent that such application will violate the Internal Revenue Code of 1986, as amended, or other federal law.

(o) A 2.25 percent COLA for Employees, Teachers, Police Officers, and Firefighters who retired prior to July 1, 2006, effective July 1, 2007.

2007 Legislative Session

(a) 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.

(b) Adds one person representing management in local government to the retirement system's Board of Trustees.

(c) Establishes that seven trustees constitute a quorum for the transaction of any business and that the Board chairperson shall be a non-voting member except in the event of a tie vote.

(d) Changes the actuarial funding methodology from open group aggregate to entry age normal.

(e) Changes the amortization period for the unfunded accrued liability from 20 years to 30 years or the maximum period allowed by the Governmental Accounting Standards Board.

(f) Restricts any assets from being transferred to the Special Account until such time as the actuary determines that the funded ratio of the Plans as of June 30 of any given year is equal to or greater than 85 percent. Upon achievement of the 85 percent funded ratio, only returns in excess of 10.5 percent will be allocated to the Special Account. Because the funded ratio was not determined to be equal to or greater than 85 percent by the actuary no money was allocated to the Special Account for FY 2007.

(g) Removes a provision in RSA 100-A:16 II(h) that restricted the granting of additional benefits, other than cost-of-living adjustments (COLAs), from being funded by Special Account assets unless there were reserves in the Special Account sufficient to pay for three years of COLAs at 5.0 percent per year.

(h) Establishes that effective July 1, 2008, and as calculated each year thereafter, the annual employer contribution requirements shall not be less than the employee contribution rates specified under RSA 100-A:16, I(a).

(i) Provides a 2.25 percent COLA for Employees, Teachers, Police Officers, and Firefighters who retired prior to July 1, 2006, effective July 1, 2007.

(j) Establishes a commission to make recommendations to ensure the long-term viability of the Plan.

(k) Repeals the option to purchase nonqualified service credit in the Pension Plan.