

NHRS Bill Brief: HB 1497-FN (as amended)

Prepared for the Senate ED&A Committee

Summary: “AN ACT relative to optional allowances in the retirement system.”

Analysis: “This bill clarifies the time for election of a survivorship optional allowance by members and retirees in the retirement system.”

Sponsors: Rep. Lanzara, Hills. 28

Background

Under current law, only members who are eligible for service retirement may elect a survivorship optional allowance. This bill would allow NHRS members to pre-select an optional survivorship allowance prior to reaching eligibility for service retirement. Typically, pre-selection of a survivorship allowance provides a larger lifetime benefit to a beneficiary than the statutory death benefits under RSA 100-A:8 and A-9. The optional survivorship allowance is – and would continue to be – only payable to the designated beneficiary if the member dies while in active service and is eligible for service retirement under RSA 100-A:5.

The incidence of members passing away while in active service is relatively rare, with 73 in-service deaths occurring in FY 2019, 69 in FY 2020 and 66 in FY 2021 (out of an active population of more than 48,000). Not all of these in-service deaths met the statutory criteria for providing a monthly benefit to the beneficiary. As of 6/30/2021, there were 132 beneficiaries receiving a pension benefit as a result of the in-service death of a member. As of 6/30/2015, the number was 95.

As amended, this bill also changes the time frame of the post-retirement grace period to change a survivor benefit optional retirement allowance after retirement from 120 days from the effective date of retirement to 120 days from the date of the original notice of retirement issued by the retirement system.

Financial Considerations

As compared to the number of members who pre-select a survivorship option under current law, this proposed change may entice more members to pre-select an optional survivorship allowance. This could lead to a small increase in survivorship pension benefit payments. However, because in-service deaths of retirement-eligible members are rare, the financial impact of this change is indeterminable but negligible.

The adjustment in the 120-day grace period to change a survivor benefit optional retirement allowance after retirement also has an indeterminable but negligible financial impact.

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Note: The content provided above is for informational purposes; NHRS neither supports nor opposes this legislation.