

## **NHRS Bill Brief: SB 637-FN (as introduced)**

*Prepared for the House ED&A Committee*

**Summary:** “AN ACT relative to fraud and errors in records of the retirement system.”

**Analysis:** “This bill clarifies the New Hampshire retirement system's protection against fraud and error in its records.”

**Sponsors:** Sen. Hennessey, Dist 5; Sen. Cavanaugh, Dist 16.

### **Background**

The New Hampshire Retirement System Board of Trustees voted unanimously on January 14, 2020, to oppose this legislation on the grounds that it impairs the retirement system’s ability to adjust member or beneficiary records in the ordinary course of business, as required and in accordance with general fiduciary trust law and the Internal Revenue Code, which require that a member or beneficiary can only receive a benefit in the amount to which he or she is entitled.

NHRS relies upon RSA 100-A:27, as currently worded, to correct member and beneficiary records in the normal course of NHRS business, as new or corrected information is received from participating employers, members, and beneficiaries, as the result of an audit, late reporting by an employer, administrative error, or otherwise. These corrections typically take the form of contribution adjustments, earnable compensation adjustments, and service credit adjustments, and may result in either a benefit increase or decrease. The processes for making all of these adjustments are established under NHRS administrative rules.

NHRS’ interpretation and reliance upon RSA 100-A:27 in its present form was upheld by the 2010 NH Supreme Court decision in the *Matter of Lussier*.

### **Financial Considerations**

The financial impact of this legislation is indeterminable; any uncorrected errors resulting in overpayment of benefits will increase the unfunded actuarial accrued liability.

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