

Note: These minutes from the April 12, 2022, Legislative Committee meeting were approved at the July 27, 2022, Legislative Committee meeting.

**NHRS Legislative Committee of the Board of Trustees
April 12, 2022
PUBLIC MINUTES**

**New Hampshire Retirement System
54 Regional Drive
Concord, NH**

Committee Members participating: Scott Myers, Chair, Sue Hannan, Scott Christensen, Andrew Martineau, Ken Merrifield.

Staff: Tim Crutchfield, *Deputy Director and Chief Legal Counsel*; Marty Karlon, *Director of Communication and Legislative Affairs*; Heather Hoffacker, *Internal Auditor*; Mark Cavanaugh, *Associate Counsel and Compliance Officer* (via videoconference); Gerard Murphy, *Director of Finance* (via videoconference); Larry Johansen, *Director of Investments* (via videoconference); Nancy Miller, *Director of Member Services* (via videoconference); Frank Clough, *Director of IT*; Diana Crichton, *Hearings Examiner* (via videoconference).

Chair Myers called the meeting to order at 12:02 p.m. Having established a quorum, Chair Myers called for a motion to accept the Committee minutes of December 14, 2021. On a motion by Trustee Hannan, seconded by Trustee Christensen, the Committee unanimously voted to approve the minutes, as presented.

Chair Myers opened discussion, noting that there were seven bills related to the retirement system still under consideration by the Legislature. He asked Mr. Karlon to go through the bills in greater detail.

Mr. Karlon began with a status update on three bills that would have the largest impact on members or retirees.

House Bill 1535, which was originally introduced as permanent cost-of-living adjustment (COLA) for retirees, was amended by the House to provide a one-time \$500 payment to retirees and beneficiaries retired prior to July 1, 2017, who have an annual pension benefit of \$30,000 or less. The bill is with the Senate. In responding to a Committee question about how the payment would be funded, Mr. Karlon replied that it would be paid for entirely by the state through a general fund appropriation.

House Bill 1587, which modifies the calculation of compensation paid in excess of the full base rate of pay under the definition of Average Final Compensation for Group II members hired prior to July 1, 2011, and who had not attained vested status prior to January 1, 2012, is also with the Senate. Mr. Karlon noted that the state will pay the cost of this benefit change up front and that NHRS was waiting for an updated fiscal analysis from its actuary.

Senate Bill 363, which allows members who commenced Group II service between January 1, 2002 and June 30, 2011 to purchase nonqualified service time in order to reduce certain transition provision requirements for retirement, is with the House. Mr. Karlon said this bill initially included some potential cost to employers, but was amended so that eligible members will now fund the full cost of the service purchase.

Mr. Karlon said these three bills affect a large segment of NHRS membership and the Group II changes, in particular, would require modifications to PensionGold. He said staff has begun preliminary discussions regarding the implementation of these bills, if they were to become law.

Mr. Karlon then discussed House Bill 1417, which establishes a 7.5 percent state subsidy toward local employer retirement contributions for Group I teachers and Group II police and fire members. He said that the Finance team would have to work with the state to re-establish a mechanism to receive the subsidy if the bill passes. In responding to a Committee question about the likelihood of passage, Mr. Karlon replied that, in his opinion, this bill has the steepest road to passage because it creates an ongoing cost for the state, while the other major bills are one-time expenses.

Mr. Karlon then described the remaining bills under consideration:

- House Bill 1318 is language requested by the Board that allows NHRS to assess financial penalties for employer noncompliance with data submission requirements. The Senate voted to increase the maximum daily penalty in the bill from \$25.00 to \$200.00, so the measure is back with the House, which must vote to concur with the change, non-concur – essentially killing the bill – or request a committee of conference to reconcile the House and Senate versions. Mr. Karlon said he has been in contact with the bill sponsor and members of the House ED&A Committee regarding the amendment, which was not requested by NHRS.
- House Bill 1497 allows members to designate a pre-selection beneficiary at any point in their career and also changes the post-retirement grace period for changing a survivorship option. The bill is with the Senate.

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- House Bill 536 eliminates the retirement system offset for workers' compensation benefits applicable to Group I accidental death benefit annuities. Mr. Karlon said because Group I in-service deaths are rare, the legislation would have an extremely limited impact on NHRS operations. The bill is with the Senate.

With no further business to discuss, on a motion by Trustee Hannan, seconded by Trustee Christensen, the Committee unanimously voted to adjourn the meeting.

Respectfully submitted,

Marty Karlon,
Director of Communication and Legislative Affairs