

NHRS Legislative Committee Meeting

Note: This draft of the public minutes from the March 27, 2018 Legislative Committee meeting is subject to approval and execution at a subsequent meeting.

**Legislative Committee
of the
Board of Trustees
March 27, 2018**

PUBLIC MINUTES

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

Committee Members: Trustees Richard Gustafson, Ph.D, *Chair*; Germano Martins; Stephen Marro; Scott Myers; and Michael Milligan.

Staff: George Lagos, *Executive Director*; Larry Johansen, *Director of Investments*; Tim Crutchfield, *Chief Legal Counsel*; Mark Cavanaugh, *Associate Counsel and Compliance Officer*; Nancy Miller, *Director of Members Services*; Heather Fritzky, *Director of Finance*; Marty Karlon, *Public Information Officer*; Carolyn Johnson, *Hearing Examiner*; and Margaret Astles, *Executive Assistant*.

Minutes

Chair Gustafson called the meeting to order at 12:31 pm and requested approval of the minutes from the January 24, 2018 Legislative Committee meeting. On a motion by Trustee Martins, seconded by Chair Gustafson, the Board voted to approve the minutes. *Abstaining:* Trustees Myers and Marro.

Legislative Crossover

Mr. Karlon began with HB 561, the working after retirement bill passed by the Senate on February 15, 2018. The amended bill has been sent back to the House, which must vote to concur, non-concur, or request a committee of conference to reconcile the House and Senate versions of the bill. There are administrative issues with this bill for both employers and retirees that remain unclear, including separation of service and the grandfathered status of retirees currently working. If HB 561 passes, the effective date is January 1, 2019. Executive Director Lagos noted that NHRS hoped that any changes to the current statute would bring clarity and the ability for enforcement, but as the bill stands now, it would not streamline administration.

HB 1427 allows a school district or SAU to exempt its superintendent of schools from compulsory membership in the retirement system until

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December 31, 2018. Mr. Karlon reported that the Senate ED&A Committee held a public hearing on this bill on March 21, 2018.

HB 1603 requires that one NHRS public member of the Independent Investment Committee (IIC) be an active member appointed from nominations provided by NH public employee labor organizations. Mr. Karlon noted that former IIC Chair Harold Janeway spoke to this matter at the IIC meeting on March 23, 2018 and the IIC will be sending a letter in opposition to the bill. Executive Director Lagos noted that the Board has not taken a position on this bill noting that the decision on whether or not to take action would depend upon whether the subject of the bill was seen as a matter of public policy, in which case it would be reserved to the plan sponsor, or involved a fiduciary duty issue, in which case the Trustees could take a position if they deemed it appropriate..

Following a discussion, on a motion by Trustee Marro, seconded by Trustee Myers, the Legislative Committee voted to recommend to the full Board that it support of the IIC's opposition to HB 1603. The vote passed 4-1 with Trustee Martins voting in opposition.

HB 1748 allowing part-time judges in the circuit court to retire and collect a pension under the provisions of RSA 100-A and elect senior active or judicial referee status, was killed in the House.

HB 1754 which would establish a state retirement plan, structured as a defined contribution plan for new public employees who begin service on or after July 1, 2019, was also killed in the House.

HB 1756 would grant a one-time \$500 allowance to certain retirees. This bill would also create a COLA contingent upon funding. Mr. Karlon noted that this bill was referred to the Senate Finance Committee. He explained that the cost of the \$500 allowance in this bill would be approximately \$10 billion dollars and it would be funded from the State's budget. The COLA, which does not have a specified funding source, would be substantially more expensive, he noted.

HB 1757, as amended, would modify the Group I pension benefit formula for members eligible to retire before age 65 and grant a new "post retirement payment" to future Group I retirees. Mr. Karlon explained that the House tabled this bill on March 15, 2018 with no further action expected.

HB 1805 would establish a study committee for level dollar amortization of the retirement system's unfunded actuarial accrued liability and increase NHRS Trustee terms from 2 to 3 years. Mr. Karlon reported that on March 8, 2018, the House referred HB 1805 to the Senate ED&A Committee.

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HB 1823 requires the retirement system to amortize actuarial gains or losses accrued on or after July 1, 2017 (layered amortization) for a closed, fixed period of no longer than 20 years. Mr. Karlon noted that this bill was given support by the Board of Trustee in February 2018 and the Senate ED&A Committee held a public hearing on March 27, 2018.

SB 324 is a very limited bill and would allow for 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. Mr. Karlon explained that the House ED&A recommended passage as of March 27, 2018.

SB 458 would provide for the election by a specific surviving spouse of a Group II member to purchase up to one month of creditable service. Mr. Karlon reported that this bill was referred to the House ED&A Committee on March 15, 2018.

SB 532 would allow six Department of Corrections positions to be classified as Group II, if filled by members with at least 10 years of prior Group II service. Mr. Karlon noted that the House ED&A Committee would be holding a public hearing on SB 532 that afternoon.

SB 538 allowing the placement of officers of the state office complex police force into Group II of the retirement system. Mr. Karlon noted that the House ED&A Committee will hold a public hearing on SB 538 on March 29, 2018.

Answering Trustee questions, Mr. Karlon explained that HB 1817 is a new bill which would establish the position of State demographer and a commission on demographic trends. It would require state agencies, including NHRS, to prepare 10-year current services cost projections. He noted that the House voted ought to pass (OTP) as amended and the bill will be sent to the Senate.

On a motion by Trustee Martins, seconded by Trustee Milligan, the Legislative Committee voted to adjourn at 1:10 pm.

Respectfully submitted,

Margaret Astles
Executive Assistant