

# 4 facts on employer contributions

There's a lot of information out there regarding the New Hampshire Retirement System, some of it fact, some of it fiction. This document, along with others in the "NHRS ... Now You Know" series, is designed to provide you with straight talk about the retirement system.

New Hampshire Retirement System employer contribution rates for fiscal years (FY) 2026 and 2027 were certified by the Board of Trustees in August 2024. Here are four things to know about employer rates:

**1. Employer contribution rates are determined every two years** pursuant to RSA 100-A:16, III. The contribution rates for fiscal years 2026 and 2027 are based on the actuarial valuation as of June 30, 2023. Employer contributions as a percent of covered payroll have decreased for all member groups (Employee, Teacher, Police, and Fire) from FY 2024 and 2025. Because the member payroll increases annually, the total dollar amount paid to NHRS by employers is expected to increase slightly.

**2. The decrease in FY2026-27 rates was largely the result of three factors:** strong investment performance over the five-year period ending June 30, 2023; actual member experience from July 1, 2021, through June 30, 2023; and relatively minor adjustments to demographic and economic actuarial assumptions adopted by the Board in 2024.

**3. The Board of Trustees has limited discretion in setting employer rates.** State law requires that the Board certify actuarially sound rates necessary to keep the retirement system on track to meet its long-term obligations. The New Hampshire Constitution (Part I, Article 36-a) requires employers to pay those rates in full.

**4. There are three components to employer contribution rates:** the normal cost, the unfunded actuarial accrued liability (UAAL), and the Medical Subsidy. The normal cost reflects the estimated actuarial cost of pension benefits as those benefits are earned each year by members. This cost is shared by the employer and the member, with members paying the majority of the normal cost. The UAAL is the estimated value of NHRS benefits that have been earned in the past but have not yet been fully funded. The current liability, most of which is being paid down through 2039, is borne solely by the employers.

Overall, the unfunded liability accounts for the majority of the total employer rate in fiscal years 2026 and 2027 as detailed in the chart on the following page.

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<b>FY 26-27 NHRS EMPLOYER CONTRIBUTION RATES</b>					
<b>MEMBER CATEGORY</b>	<b>PENSION: NORMAL COST</b>	<b>PENSION: UAAL</b>	<b>UAAL AS A % of TOTAL PENSION COST</b>	<b>MEDICAL SUBSIDY</b>	<b>TOTAL EMPLOYER RATE</b>
Employee – State	2.42%	10.11%	80.7%	0.34%	<b>12.87%</b>
Employee – P. Sub.	2.42%	10.11%	80.7%	0.22%	<b>12.75%</b>
Teacher	2.89%	15.39%	84.2%	0.95%	<b>19.23%</b>
Police	5.80%	22.92%	79.8%	2.23%	<b>30.95%</b>
Fire	6.10%	20.82%	77.3%	2.23%	<b>29.15%</b>

Member contribution rates set by statute: Group I – 7%; Group II Police – 11.55%; Group II Fire – 11.8%

### Related Links:

Employer Contribution Rates:

<https://www.nhrs.org/employers/employer-contribution-rates>

FAQ: Employer Contribution Rates for Fiscal Years 2026 and 2027:

<https://www.nhrs.org/faqs/faq--employer-contribution-rates>



Sources: RSA 100-A; NH Constitution;  
June 30, 2023, actuarial valuation

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