

What's an average pension?

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.

In fiscal year 2020, the New Hampshire Retirement System paid out \$816.7 million in pension benefits to approximately 39,500 beneficiaries.

Breaking down benefit amounts by member group (Group I: Employee and Teacher; Group II: Police and Fire), the average annual pension benefit was: Employee: \$14,210 (49.1% of pension recipients); Teacher: \$22,466 (35.8%); Police: \$37,357 (10.7%); Fire: \$41,365 (4.4%). The average annual benefit overall was \$20,841.

Regardless of which member group you look at, one thing remains constant: The retired member earned those benefits based on a statutory formula that calculates pensions based on months and years of service and average annual salary. There are different formulas for Group I and Group II pension

benefits to account for both the nature of public safety work and the fact that Police and Fire members do not participate in Social Security.

Of all pensions paid in calendar year 2020, the highest was \$167,739 and the lowest was just under \$17. These two numbers may make an interesting topic of conversation, but looking at the outliers in any data set can skew perceptions. If you only looked at the top 250 pension amounts, or the bottom 250, you'd likely have very different opinions of NHRS pension benefits.

Looking at the big picture, 94 percent of pension recipients received an annual pension benefit under \$50,000 in calendar year 2020, 65 percent received an annual pension benefit under \$25,000, and 28 percent received an annual pension benefit under \$10,000. Slightly more than one percent of pension recipients (1.4%) received a benefit greater than \$75,000 per year. The median pension was just over \$17,800 per year.

To say that the vast majority of NHRS pension recipients receive a modest benefit isn't an understatement, it's a simple fact.