

The scoop on ‘double-dipping’

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, are designed to provide you with straight talk about the retirement system.

The issue of New Hampshire Retirement System retirees working part-time for NHRS-participating employers has been the subject of multiple legislative proposals and enactments over the past decade.

The practice of drawing a public sector salary and a pension at the same time is commonly referred to as “double dipping.” However, opinions differ on what exactly double dipping is.

By law, NHRS retirees are able to work full-time for a private-sector company or a public employer that does not participate in the retirement system. Because these employers are not participants in the system, this is not typically regarded as double dipping.

NHRS retirees are also allowed to work part-time for NHRS-participating employers. This employment is subject to applicable statutory provisions, which include a financial penalty for retirees who exceed the annual calendar-year limit on part-time hours worked. Additionally, in cases where a retiree returns to full-time work for an NHRS-participating employer, the law requires that the retiree's pension payments cease and the retiree be re-enrolled as an active, contributing member.

However, it is important to know that the law also provides that membership is not mandatory for some full-time positions. In these situations, the retiree can continue to receive his or her retirement benefit, in full, while working. Examples include officials appointed to Group I Employee positions for fixed terms; employees who work for the Legislature or the governor's office; and certain officials whose elected Group I Employee position meets the criteria of full-time employment. Also, municipalities and counties may, by a vote of their city council, board of selectmen, or board of county commissioners, exempt a chief administrative officer from compulsory NHRS membership at the time of initial hiring or appointment. For these positions, re-enrollment is not required if the retiree and/or employer makes the requisite election.

Some may describe the situations in the paragraph above – or any instance of post-retirement, public sector employment – as “double-dipping,” but these circumstances are specifically permitted by state law.

The retirement system works hard to inform employers and retirees of post-retirement employment issues ahead of time, and encourages them to contact us

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if there's any question about whether a particular employment situation could potentially jeopardize someone's pension benefit. Being able to prevent issues before they arise is our primary goal, as it is much easier for all parties than having to correct an error after-the-fact.

When double dipping makes the news, the headlines typically focus on retirees who have earned a significant pension and then take a lucrative part-time or membership-optional full-time position. These cases are clearly the exception, not the rule; the average annual New Hampshire Retirement System pension benefit is just over \$22,000 and more than 90 percent of retirees receive less than \$50,000 per year.

Some see hiring retirees for part-time positions as a practical way for employers to tap into years of institutional knowledge and realize savings on employee benefits and contributions into the retirement system, while others see it as a detrimental practice that reduces the number of full-time positions available to provide contributions to fund the retirement system's pension obligations, thereby driving up employer contribution rates in the long run.

As noted above, the types of positions NHRS retirees may hold, and how many hours they are allowed to work, are public policy decisions. NHRS has, and will, continue to provide technical support to the Legislature as it examines the issue of post-retirement employment.

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More information on working after retirement:

[https://www.nhrs.org/faqs/faq-part-time-employment-of-nhrs-retirees-\(effective-1-1-19\)](https://www.nhrs.org/faqs/faq-part-time-employment-of-nhrs-retirees-(effective-1-1-19))