



Group I (Employee & Teacher) Member Education Session Summary of Benefits



Overview of Program

- ▶ **Plan Overview**
- ▶ **Retirement Terms**
- ▶ **Retirement Benefits**
- ▶ **Filing for Benefits**
- ▶ **Death Benefits**
- ▶ **Additional Resources**



NHRS Governance

RSA 100-A

Administrative Rules

NHRS Board of Trustees

Internal Revenue Code

Defined Benefit Plan

- ▶ Benefits are not based on contributions or investment returns
- ▶ Benefits are based on statutory formulas:
 - Service (Creditable Service)
 - Salary (Average Final Compensation)
- ▶ Benefit eligibility and calculations are dependent on vested date or hire date
 - **Tier A:** Members vested prior to 1/1/2012
 - **Tier B:** Members in service prior to 7/1/2011 but not vested prior to 1/1/2012
 - **Tier C:** Members hired on/after 7/1/2011

Retirement Terms

- ▶ **Retirement**
 - Not the same as 'termination' or the last day of employment
 - Must meet filing deadlines



Retirement Terms

▶ Vesting

- Being vested means a member has earned the right to a future pension benefit
- There are two ways to be vested:
 - Complete 10 years of creditable service, or
 - Members working in an NHRS–covered position at or beyond age 60 become eligible for service retirement, regardless of years of creditable service
 - Group I, Tier C members (hired on/after 7/1/11) cannot receive benefit until age 65

▶ Accumulated Contributions

- Member contributions plus credited interest
- Not employer contributions

Retirement Terms

▶ In Service

- Member and employer actively contributing to NHRS; FMLA; Workers' Compensation; active military duty

▶ Earnable Compensation

- Compensation used to calculate your Average Final Compensation (AFC)
- Definition of 'Earnable Compensation' is different for Tier A members (vested prior to Jan. 1, 2012) and other members

Creditable Service

- ▶ Months and years of service credit earned as a contributing member

Purchasing Service Credit

- ▶ Several different types of purchases available:
<https://www.nhrs.org/members/plan-details/service-credit>
- ▶ In most cases, must be in service
- ▶ Must apply for cost calculation
- ▶ May use after-tax funds and/or trustee-to-trustee transfer
 - 403(b) tax-sheltered annuity or 457 governmental plan

Average Final Compensation (AFC)

Tier A members:

The average of a member's three highest years of Earnable Compensation

Tier B and Tier C members:

The average of a member's five highest years of Earnable Compensation

For all members, AFC is subject to:

- ▶ 150% earnings limitation on final year
 - All members
 - Grandfathered severance



Retirement Benefits

▶ Four types of retirement

- Service
- Early
- Vested Deferred
- Disability

▶ Maximum retirement benefit

- No more than 100% of the member's highest year of earnable compensation for members hired prior to 7/1/09
- Lesser of \$120k or 85% of AFC for members hired after 7/1/09 and not vested prior to 1/1/12

Service Retirement Benefit Formula

Formula used for members from age 60 to their full Social Security retirement age:

AFC divided by 60,
multiplied by creditable service
= annual pension

$$\$42,000 \div 60 = \$700$$

$$\$700 \times 30 \text{ years} = \$21,000$$

Service Retirement Benefit Formula

- ▶ All Group I members experience a reduction in their pension amount beginning at their full Social Security retirement age, based on the benefit formula, regardless of their effective date of retirement

Formula used for all members after reaching their full Social Security retirement age:

AFC divided by 66, multiplied by creditable service
= annual pension

$$\begin{aligned} \$42,000 \div 66 &= \$636 \\ \$636 \times 30 \text{ years} &= \$19,091 \end{aligned}$$

Early Retirement

Tier A and Tier B members:

- ▶ At least 10 years of creditable service
- ▶ Ages 50–59

OR “Rule of 70”:

- ▶ At least 20 years of creditable service
- ▶ Age + Service = 70

Early Retirement

Tier A and Tier B members:

Permanently reduced pension based on number of years and months before age 60 that retirement pension commences.

Years of Creditable Service	Reduction
35+ years	1 1/2%
30-34 years	3%
25-29 years	4%
20-24 years	5%
Fewer than 20 years	6 2/3%

Early Retirement

Tier C members:

- ▶ Members with at least 30 years of creditable service are eligible for a reduced retirement allowance beginning at age 60
- ▶ Lifetime pension will be permanently reduced by $\frac{1}{4}\%$ per month for every month prior to age 65



Vested Deferred Retirement

- ▶ At least 10 years of creditable service
 - ▶ Terminate NHRS-covered employment
 - ▶ Do not withdraw accumulated contributions
 - ▶ Pension may commence upon attainment of retirement eligibility
 - ▶ Required Minimum Distribution
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Disability Retirement

▶ Ordinary Disability

- Non-job-related permanent incapacity
- 10 years of creditable service required

▶ Accidental Disability

- Job-related permanent incapacity
- No minimum service required

Applications for disability retirement must be made no later than one year from a member's last contribution to NHRS



Survivorship Options



- ▶ **Lifetime pension to beneficiary(ies)**
 - Any one person
 - Any number of children and may include spouse

- ▶ **Reduced pension based on option selected, member's age, and the age of the primary beneficiary(ies)**

Health Insurance

- ▶ Health insurance benefits for retired state employees are administered by the Bureau of Risk Management at DAS
- ▶ By law, members who are not state employees may elect health insurance coverage with their last NHRS-covered employer
 - Election must be made at time of retirement
 - Contact last NHRS employer for details

Working After Retirement

- ▶ May work for any non-NHRS employer with no restrictions
- ▶ May not occupy NHRS-covered position and receive pension
- ▶ NHRS retirees working part-time for retirement system participating employers are limited to a maximum of 1,352 hours per calendar year and subject to a 28-day separation from service
 - Financial penalty for any retirees exceeding the statutory limits on annual hours worked

My Account

- ▶ **View personal account information**
 - Including annual statements
- ▶ **Complete and submit forms**
- ▶ **Use our online calculators to estimate your future benefits**



Planning for Retirement

The image shows a sample of the NHRS Application for Service/Vested Deferred Retirement Group 1 (Employee and Teacher) form. The form is titled "NHRS APPLICATION FOR SERVICE/VESTED DEFERRED RETIREMENT GROUP 1 (EMPLOYEE AND TEACHER)". It includes sections for "SECTION 1 - MEMBER INFORMATION (Please print)", "SECTION 2 - SELECTION OF RETIREMENT BENEFIT (Check and sign only one benefit payment option. Enter all others Mark X)", and "SECTION 3 - SIGNATURE OF PRIMARY MEMBER (Please print)". The form is a standard application form with various fields for personal information, contact details, and retirement options.

- ▶ Estimate Card
- ▶ Application is online
 - Download a retirement application at www.nhrs.org
- ▶ Personal appointment
 - In-person, video conference or by phone
 - Advance notice is required
 - Call (877) 600-0158 x3500

Filing for Retirement

- ▶ File with NHRS 30–90 days prior to effective date of retirement (always the first of a month) and prior to termination of employment
- ▶ Terminate NHRS–covered employment prior to the effective date of retirement

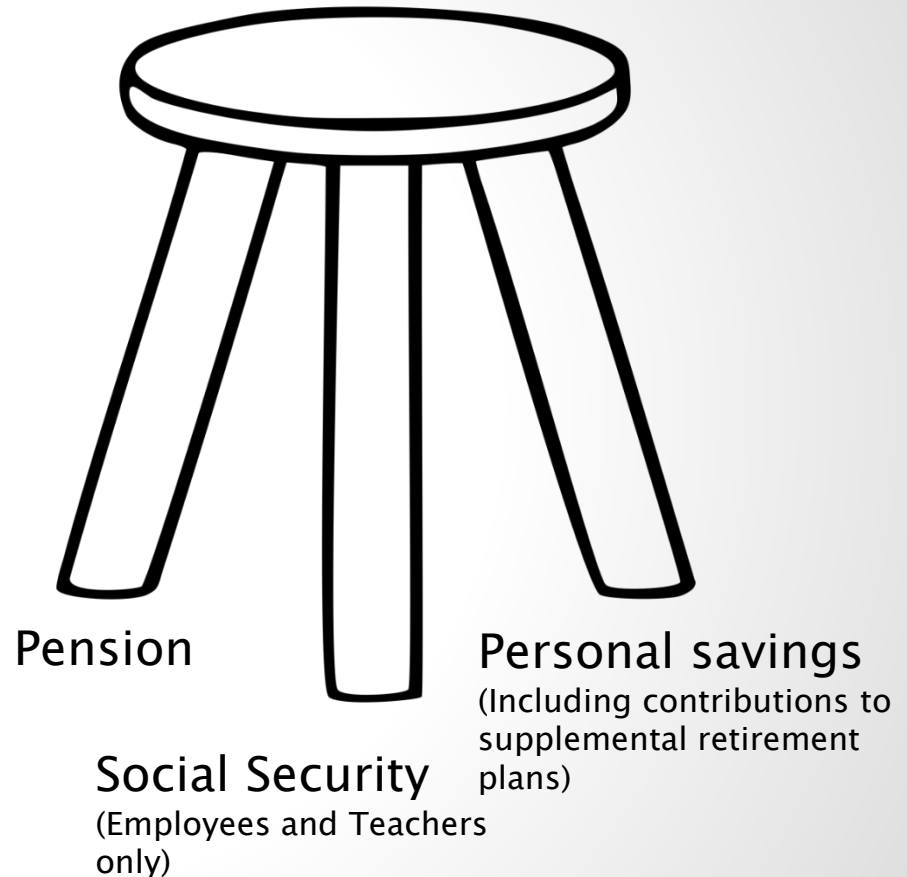


Pre-Retirement Death Benefits

- ▶ **Ordinary Death (non-job-related); Accidental Death (job-related)**
 - Must be in service to qualify
 - Benefit must be paid to person named on the Designation Of Death Beneficiary(ies) (Pre-Retirement) form
- ▶ **Pre-selection of a Survivorship Option**
 - Lifetime pension to beneficiary if an active member who is eligible for a monthly benefit dies before applying for retirement
 - Must have Pre-selection form on file

Retirement – The Bigger Picture

- ▶ **NHRS benefits are not intended to be your sole source of income**
 - Employees and teachers also participate in Social Security
 - All members should explore additional ways to save for retirement, including employer-sponsored supplemental plans



<https://www.nhrs.org/members/the-bigger-picture>

We are here for you...stay in touch!

- ▶ Visit www.nhrs.org
- ▶ Receive news updates and information with NHRS Email Updates
- ▶ Connect with us on social media



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The Fine Print

The New Hampshire Retirement System (NHRS) is governed by New Hampshire RSA 100-A, rules, regulations, and Federal laws including the Internal Revenue Code. NHRS also implements policies adopted by the Board of Trustees. These laws, rules, regulations, and policies are subject to change. Even though the goal of NHRS is to provide information that is current, correct, and complete, NHRS does not make any representation or warranty as to the current applicability, accuracy, or completeness of any information provided. The information herein is intended to provide general information only, and should not be construed as a legal opinion or as legal advice. Members are encouraged to address specific questions regarding NHRS with an NHRS representative. In the event of any conflict between the information herein and the laws, rules, and regulations which govern NHRS, the laws, rules, and regulations shall prevail.

