

Group II (Police & Fire) Member Education Session Summary of Benefits



Overview of Program

- ▶ **Plan Overview**
- ▶ **Retirement Terms**
- ▶ **Retirement Benefits**
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- ▶ **Additional Group II 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

▶ 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 depending on which tier you are in

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

Tier A members:

- ▶ Age 45 with 20 years of Group II service
- ▶ Age 60 with no minimum Group II service

$$\text{AFC} \times 2 \frac{1}{2} \% \times \text{creditable service} \\ = \text{annual pension}$$

Service Retirement Benefit Formula

Tier B members:

Minimum age/Creditable Service requirements and benefit multiplier are on a sliding scale based on years of Creditable Service as of Jan. 1, 2012 outlined in RSA 100-A:5,II(d)

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Service Retirement Benefit Formula

Tier C members:

- ▶ Age 52.5 with 25 years of Group II service

$AFC \times 2\% \times \text{creditable service} = \text{annual pension}$



Early Retirement

Tier C members only:

- ▶ **Members with at least 25 years of Creditable Service may receive a reduced allowance at or after age 50**
 - Allowance will be permanently reduced by $\frac{1}{4}$ of one percent for each month prior to age 52.5 the member receives an allowance



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

Forfeit Medical Subsidy and
50% Automatic Spousal Allowance

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



Additional Group II Benefits

- ▶ **Automatic Spousal Allowance**
 - Service or Disability Retirement
 - 50% pension payable to eligible surviving spouse until death or remarriage
 - Survivorship option may also be elected

- ▶ **Lump Sum Death Benefit**
 - As of 6/30/88 – lump sum payment of \$10,000
 - 7/1/88 through 7/1/93 – lump sum payment of \$3,600
 - After 7/1/93 – no lump sum death benefit

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
 - Unless eligible for the Medical Subsidy
 - Contact last NHRS employer for details

Medical Subsidy

- ▶ **Payment by NHRS directly to employer to offset the cost of retiree's medical insurance**
- ▶ **Eligibility**
 - **Group II member active on 6/30/2000 who retires on Service Retirement with 20 or more years of NHRS service or on Ordinary Disability Retirement**
 - **Group II active member prior to 7/1/05 who retires on Accidental Disability Retirement**
- ▶ **Monthly rates**
 - **1 Person: \$375.56 2 Person: \$751.12**
 - **1 Person Medicare Supplement: \$236.84 2 Person: \$473.68**

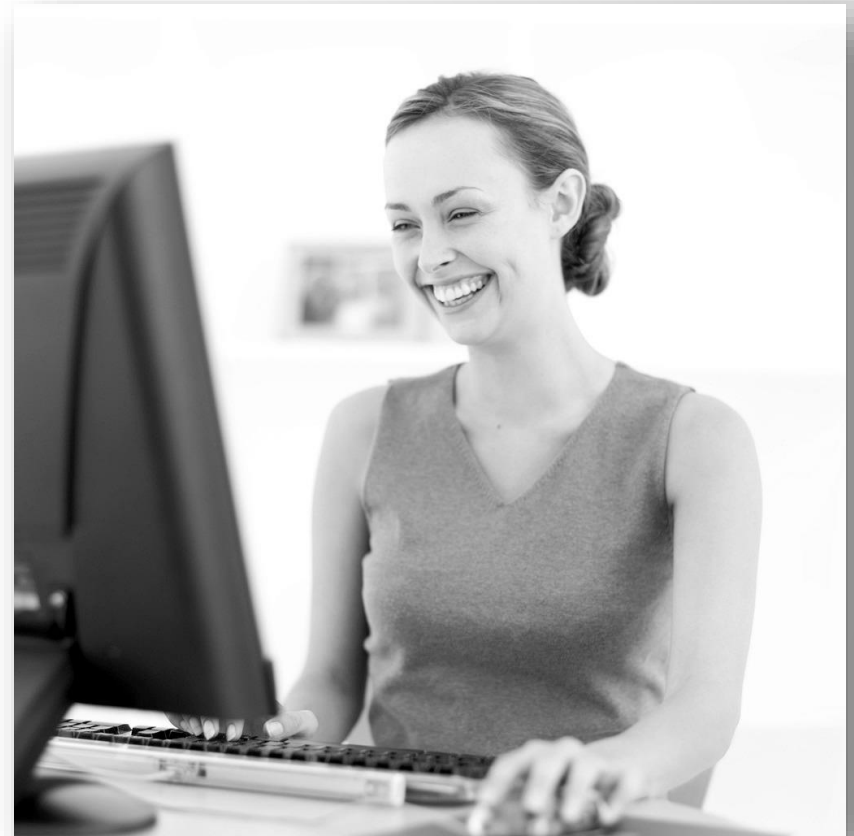
Qualified spouse and certifiably disabled dependent children may be eligible

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
- ▶ FAQ: <https://www.nhrs.org/faqs/faq-part-time-employment>

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 form titled "NHRS APPLICATION FOR SERVICE/VESTED DEFERRED RETIREMENT GROUP 1 (EMPLOYEE AND TEACHER)". The form includes sections for "SECTION I - MEMBER INFORMATION (Please print)", "SECTION II - SELECTION OF RETIREMENT BENEFIT (Check and sign with one benefit payment option. Enter all other items.)", and "SECTION III - DESIGNATION OF PRIMARY BENEFICIARY (Please print)".

SECTION I - MEMBER INFORMATION (Please print)

Service Retirement Vested Deferred Retirement

Last Name: _____ First Name: _____ MI: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____ Mailing Name (if applicable): _____

Social Security Number: _____ Home Telephone Number: _____ Date of Birth: _____

Last YEARS covered Employer: _____ Date of termination of NHRS-covered employment (Date to print in calendar date of retirement): _____

Title of position held: _____ (Example: Master/Teacher)

I request that my retirement deferred benefit effective on: / /

SECTION II - SELECTION OF RETIREMENT BENEFIT (Check and sign with one benefit payment option. Enter all other items.)

Option	Signature
A. Maximum Retirement Allowance	_____
B. Optional Retirement Allowance	_____
Option 1 - Reduced without survivorship	_____
Option 2 - Full with survivorship	_____
Option 3 - 50% survivorship	_____
Option 4(a) - 50% in 10th Anniversary "Preretire"	_____
Option 4(b) - 50% survivorship "Preretire"	_____
Option 4(c) - None	_____

SECTION III - DESIGNATION OF PRIMARY BENEFICIARY (Please print)

To designate any primary beneficiary, complete Part A below. Do not complete Part B, (see page 2) to designate multiple primary beneficiaries, complete Part B below. Do not complete Part A, (see page 2)

Part A - SINGLE PRIMARY BENEFITARY

I designate the following person as my primary beneficiary to receive any amounts which, in accordance with the retirement benefit referred to in Section II, may be due upon my death.

Primary Beneficiary's Name	Primary Beneficiary's Address	Primary Beneficiary's Social Security #	Primary Beneficiary's Date of Birth	Relationship to Member
_____	_____	_____	_____	_____

- ▶ Estimate Card
- ▶ Application is online
 - Download a retirement application at www.nhrs.org
- ▶ Personal appointment
 - Most appointments through video conference or by phone
 - Advance notice is required
 - Call (877) 600-0158 x3500
- ▶ How to Fill Out an Application Packet webinars
 - <https://www.nhrs.org/meetings-events/>

Filing for Retirement

- ▶ **File with NHRS 30–90 days prior to effective date of retirement (always the first of a month)**
- ▶ **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

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



Contact:

54 Regional Drive, Concord, NH 03301

Phone: 603-410-3500, Press 3

Toll Free: 877-600-0158, Press 3

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The Fine Print

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