

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



Overview of Program

- ▶ Plan Overview
- ▶ Retirement Terms
- ▶ Retirement Benefits
- ▶ Filing for Benefits
- ▶ 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 1/1/12

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%

Benefit multiplier is 2.5% for all years after the first 15 years of Group II service for members who retire under service or ordinary disability retirement on/after 7/1/24

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
- ▶ **Violent Accidental Disability**
 - Purposeful, hostile, and violent attack in the line of duty
 - 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**
 - **Group II active member who retires on Violent Accidental Disability Retirement**

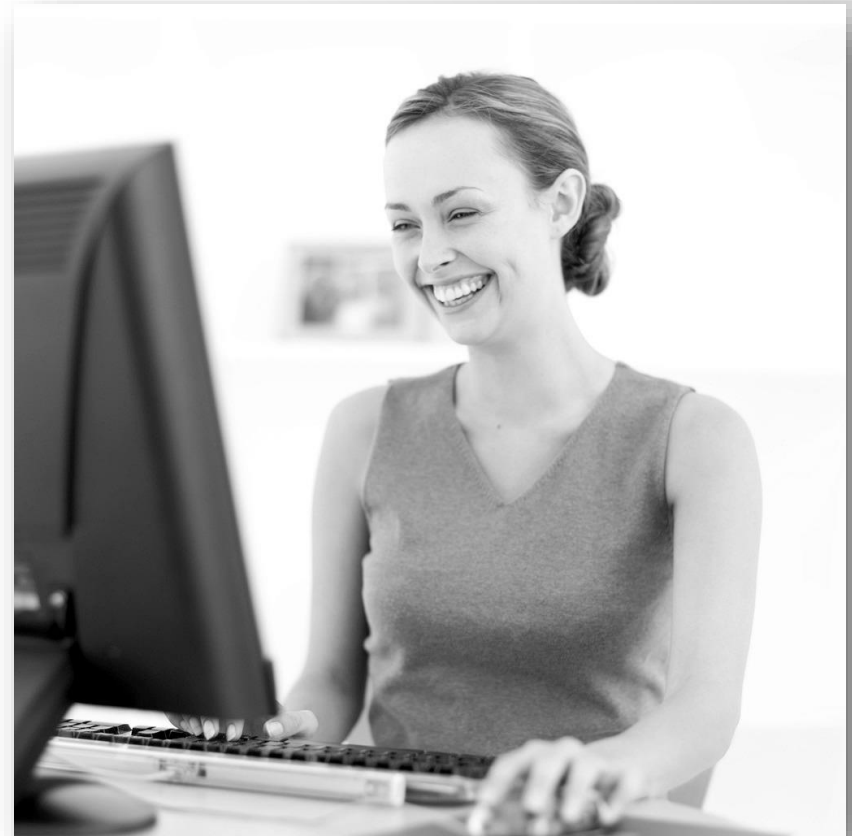
Qualified spouse and certifiably disabled dependent children may be eligible

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 1 - MEMBER INFORMATION (Please print)", "SECTION 2 - SELECTION OF RETIREMENT BENEFIT (check and sign only one benefit payment choice. Enter all others Mark X)", and "SECTION 3 - DESIGNATION OF PRIMARY BENEFICIARY (Please print)". The form also includes a table for "PRIMARY BENEFICIARY'S INFORMATION" with columns for Name, Address, Social Security #, Date of Birth, and 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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