



New Hampshire Retirement System
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TO: Senator Howard Pearl, Chair, Senate Executive Departments & Administration Committee
Representative Carol McGuire, Chair, House Executive Departments & Administration Committee

FROM: New Hampshire Retirement System Board of Trustees
(Prepared by Jan Goodwin, Executive Director)

RE: Quarterly Report to the General Court – October 1, 2024

Dear Senator Pearl and Representative McGuire:

Pursuant to RSA 100-A:14, VII-a, the Board of Trustees of the New Hampshire Retirement System (NHRS, the retirement system) is submitting this quarterly report to the General Court.

Here is a summary of NHRS activities during the quarter ending September 30, 2024:

- The Board in August certified employer contribution rates for fiscal years (FY) 2026 and 2027. For the second consecutive two-year rate cycle, total employer contribution rates for all four membership classifications – Employee, Teacher, Police, and Fire – will decrease as a percentage of covered payroll. Because the member payroll increases annually, the total dollar amount paid to NHRS by employers is expected to increase slightly.
- Three bills related to RSA 100-A were passed by the New Hampshire Legislature during the 2024 session and have been signed into law: House bills 1307, 1559 and 1647. (See attached NHRS legislative tracking summary for descriptions of this legislation.) All three bills require costly reprogramming and testing of our pension software.
- NHRS expects to have final investment returns for the fiscal year ended June 30, 2024, in mid-October. Unaudited trust fund assets stood at \$12.3 billion on June 30, 2024.
- Following presentations by investment staff and Funston Advisory Services, an independent consultant, the Board unanimously voted in August to accept the proposed NHRS investment office strategic plan. The plan, which was endorsed by the Independent Investment Committee in July, is projected to yield long-term advantages, including better investment recommendation-making, monitoring capabilities and cost efficiencies, though it will take several years to fully implement. The consultant affirmed that the staff-developed strategic plan, which has been in the works since 2023, is consistent with peer systems and is a prudent approach for NHRS given the increasing complexity of the portfolio due to private market investments. Key elements of the plan include increases in staffing across the organization, development of investment technology systems, and engagement of select service providers to bolster governance and oversight.
- The Board in August voted to approve the statutory administrative budget for FY 26-27, which was submitted to the state in September. The budget, which does not include any funding from the General Fund, was created as part of a three-year strategic plan to address deferred initiatives and areas put on hold over the past five years due to the focus on the major upgrade to our 20-year-old pension administration software. The two-year, \$38.7 million budget includes a 41% increase for FY 26 over FY 25 and a 1% increase for FY 27 over FY 26, primarily driven by IT upgrades, modernization projects, and salary increases to support new staff positions aligned with the strategic plan. Executive Director Jan Goodwin emphasized to the Board that its primary responsibility as fiduciaries is to act in the best interests of members and beneficiaries, operating under different legal obligations than Executive branch agencies. She

pointed to RSA 100-A:14, XIII, which directs the Trustees to submit a budget, “that the board, in its reasonable discretion, may deem necessary for the efficient operation of the system.”

- The Board met in non-public session in August for a discussion of potential office space options. The retirement system must decide by early 2025 whether to renew its current lease for another five-year term; staff and an ad hoc Board committee are conducting due diligence.
- The Board in August adopted a Statement of Beliefs and Guiding Principles. This document was drafted by the Executive Director with input from senior staff and vetted through the Board’s Governance Committee.

In addition to this cover letter, the report contains:

- Draft minutes of the August 13, 2024, Board meeting, the only meeting held in the quarter.
- Quarterly Total Fund investment information through March 31, 2024, which is the most recent data available.
- Monthly investment information on marketable assets through July 31, 2024, which is the most recent data available.
- Quarterly Investment Compliance Notice provided to the Legislative Budget Assistant.
- A summary of calendar year 2023 working after retirement data reported by participating employers.
- Frequently asked questions regarding employer contributions for FY 2024-25.
- Final 2024 NHRS legislative tracker.
- NHRS Statement of Beliefs and Guiding Principles.

If you have any questions or would like additional information, please do not hesitate to contact me.

Respectfully,

A handwritten signature in blue ink, appearing to read "J Goodwin", is positioned above the printed name.

Jan Goodwin
Executive Director

cc: Office of Governor Christopher Sununu

NHRS Board of Trustees

DRAFT Minutes – August 13, 2024

Note: These **draft** minutes from the August 13, 2024, Public Session are subject for approval at a subsequent Board of Trustees meeting.

**Board of Trustees
August 13, 2024**

DRAFT Public Minutes

**New Hampshire Retirement System 54 Regional Drive
Concord, New Hampshire 03301**

Participating: *Trustees Maureen Kelliher, Chair; Jon Frederick, Sue Hannan, Jason Henry, Robert Maloney*, Andrew Martineau, Germano Martins, Ken Merrifield, Monica Mezzapelle, Paul Provost, Joshua Quigley, and Don Roy.*

* Participated remotely for a portion of the meeting.

Staff: *Jan Goodwin, Executive Director; Timothy Crutchfield, Deputy Director and Chief Legal Counsel; Rosamond Cain, Director of Human Resources (HR); Marty Karlon, Director of Communications & Legislative Affairs; John Laferriere, Director of Information Technology (IT); Raynald Leveque, Chief Investment Officer (CIO); Nancy Miller, Director of Member Services; Marie Mullen, Director of Finance; Shana Bilech, Investment Officer; Nina Calkins, Administrative and Contact Center Manager; Mark Cavanaugh, Deputy Counsel and Compliance Officer; Diana Crichton, Hearings Examiner; Jonathan Diaz, Investment Officer; Deanna Higgins, Contact Center Supervisor; Heather Hoffacker, Internal Auditor; Mariel Holdredge, Executive Assistant; Jesse Pasierb, Investment Operations Analyst; and Gregory Richard, Senior Investment Officer.*

Guests: *Casey Ahlbrandt-Rains, Heidi Barry, and Jeff Tebeau: Gabriel, Roeder, Smith & Company (GRS); Christine Clinton: NHRS Independent Investment Committee (IIC) Chair; Michael Gold, Susan Lau, Randall Miller: Funston Advisory Services.*

Chair Maureen Kelliher called the August 13, 2024, regular meeting of the NHRS Board of Trustees to order at 9:30 a.m. and after establishing a quorum, she called for a vote to approve the June 11, 2024, Board meeting minutes. On a motion by Trustee Henry, seconded by Trustee Roy, the Board voted unanimously to approve the meeting minutes, with Trustee Maloney not present.

Trustee Mezzapelle gave a report on the Audit Committee, which met earlier this morning prior to the Board meeting. The Committee heard updates from Internal Audit, including the status of items on the Fiscal Year (FY) 25 Audit Plan. Updates were provided on the GASB Census Data Audits, with a few employers still non-compliant. The annual audit by Plante Moran is on schedule and ahead of last year's progress. The Committee also reviewed and recommended updates to the Audit Policy and its Charter for the Board's consideration at the October Board meeting.

Trustee Roy gave an update on the Governance Committee, which met three times since the

June Board meeting. Over the course of those meetings, the Committee reviewed its charter, determining no changes where needed, renewed the Board's cyber insurance coverage, and voted to recommend the following three items for Board approval: minor edits to the Office of Foreign Asset Control (OFAC) Policy; the issuance of an RFP for Investment Counsel services; and, adoption of the revised Statement of Beliefs and Guiding Principles.

On a motion by Trustee Provost, seconded by Trustee Henry, the Board voted unanimously to accept the recommendation of the Governance Committee to approve the proposed revisions to the OFAC Policy, as presented.

On a motion by Trustee Quigley, seconded by Trustee Hannan, the Board voted unanimously to accept the recommendation of the Governance Committee to authorize staff to issue an RFP for Investment Counsel, as amended by the Board. Trustee Maloney was not present for the vote but phoned into the meeting shortly thereafter, joining at 9:42 a.m.

On a motion by Trustee Henry, seconded by Trustee Hannan, the Board voted unanimously on a roll call vote to accept the recommendation of the Governance Committee that the Board adopt the revised NHRS Statement of Beliefs and Guiding Principles as presented. Chair Kelliher tabled the two items for which no consensus has been reached.

Next, Trustee Provost reported on the July 9, 2024, IIC meeting, with four of the five members participating with one position vacant. He reported that the Committee heard from CIO Raynald Leveque, who reviewed investment returns, holdings, and reported on the team's investment activities. The Committee then endorsed the NHRS Investment Office Strategic Plan, with third-party validation, for presentation to the Board at the next meeting.

Trustee Provost turned to Mr. Leveque who reported on the NHRS performance as of June 30, 2024. Mr. Leveque remarked on the performance of the Total Fund for 3, 5, and 10 years. The investment portfolio experienced mixed monthly performance, with large-cap and growth stocks outperforming small-cap and value stocks, while the total fund underperformed its benchmark due to a concentrated set of technology stocks driving the market. The fund's preliminary returns exceeded the actuarial rate of return for the fiscal year-to-date period. As of June 30, 2024, the Plan's assets total \$12.2 billion.

Trustee Merrifield reported on the Legislative Committee, which had not met since the last Board meeting. He updated the Board that there were three NHRS-related bills that were signed into law by the Governor: HB 1307, HB 1559, and HB 1647. He provided a high-level summary of those bills. The Director of Communications and Legislative Affairs Marty Karlon outlined the System's multi-phase process for implementing newly signed legislation, starting with a detailed legal interpretation and consensus-building among subject matter experts, followed by programming and testing PensionGold, and updating educational materials, as needed.

After receiving congratulations for his new appointment as Benefits Committee Chair, Trustee Frederick delivered the Committee update, noting it met twice since the June Board meeting, approving a total of nine disability applications. The Committee also conducted its annual review of its Charter, determining no revisions were necessary, and also reviewed the Independent Medical Examiners (IMEs) used by NHRS, confirming no disciplinary actions since 2010. The Committee recommended revisions to the IME Policy, which will be presented to the Board in October.

Trustee Hannan gave the PPCC report, which met on July 23 and reviewed its Charter with

no content changes. Trustee Hannan asked to enter into a non-public session to discuss employee compensation under RSA 91-A:3, II(a).

On a motion by Trustee Henry, seconded by Trustee Hannan, the Board voted by roll call to enter into a non-public session. HR Director Rosamond Cain participated in this non-public session.

On a motion by Trustee Roy, seconded by Trustee Mezzapelle, the Board voted by roll call to conclude the non-public session. No action was taken in the non-public session.

On a motion by Trustee Hannan, seconded by Trustee Roy, the Board voted by roll call to unanimously accept the recommendation of the PPCC regarding the Executive Director's compensation.

Trustee Quigley, the ad hoc Real Estate Committee Chair, reported the Committee met on July 29 to discuss office space options.

On a roll call vote motioned by Trustee Quigley and seconded by Trustee Frederick, the Board entered into a non-public session to discuss the possible lease or acquisition of real property under RSA 91-A:3, II(d). Non-trustees participating in this non-public session included Jan Goodwin, Timothy Crutchfield, Rosamond Cain, Marty Karlon, John Laferriere, Raynald Leveque, Nancy Miller, and Marie Mullen.

On a motion by Trustee Henry, seconded by Trustee Roy, the Board voted unanimously to conclude the non-public session.

On a motion by Trustee Hannan, seconded by Trustee Quigley, the Board voted unanimously to seal the minutes of the non-public session.

Trustee Maloney then disconnected from the call and was subsequently absent for the remainder of the meeting.

Chair Kelliher turned to Executive Director Goodwin, who introduced Heidi Barry of GRS to review the FY 23 valuation report and the FYs 26 and 27 employer rates for the Board's consideration. The valuation, conducted every two years, determines employer contribution rates based on actuarial assessments of the pension system's assets and liabilities. A discussion ensued following the presentation, addressing the necessity of recalculating rates, which are required by actuarial studies for the plan's long-term sustainability.

Following the presentation, on a motion by Trustee Hannan and seconded by Trustee Henry, the Board unanimously voted to adopt the FY 23 Actuarial Valuation Report as presented.

On a motion by Trustee Merrifield and seconded by Trustee Mezzapelle, the Board unanimously voted to approve and certify the Employer Contribution Rates for FYs 26 and 27 based on the FY 23 GRS Actuarial Valuation report as presented.

Executive Director Goodwin gave her executive report, including these highlights: key performance measure (KPM) scores for June and July were 97.10% and 92.31%, respectively. The PGV3 project is at 89% completion, at the eight-month mark of the 12-month warranty period, fewer new bugs are being discovered. In addition, staff is working on the rollout of the enhanced My Account. She also reported on member satisfaction surveys, which continue to report that members and retirees are pleased with the customer service they receive from

staff.

Director of Member Services Nancy Miller updated the Board on some of the activities in her department. Member Services has prioritized collaboration with the NHRS Legislative Team to implement and interpret recent legislative changes and is advancing several critical projects, including the teacher salary contract project and the transition to a cloud environment for PG Test. Additionally, Member Services processed over 600 new retiree benefits in July and are preparing for upcoming system enhancements related to academic plan members and new benefit option factors.

Raynald Leveque reviewed the Investments operating report, including KPMs, provided updates on the FY 24 and FY 25 Action Plans. Concluding the operating report, Mr. Leveque provided a summary of the recommendation of the NHRS Investment Office Strategic Plan (Strategic Plan). He then introduced Christine Clinton, Chair of the IIC, who expressed the IIC's full support of the Strategic Plan.

Mr. Leveque then turned the meeting over to Funston Advisory Services. Randall Miller, Susan Lau and Michael Gold of Funston Advisory Services presented an evaluation of the NHRS Investment Office Strategic Plan, noting that the plan is consistent with peer systems and is a prudent approach for the organization given the growing complexity of the portfolio. The Strategic Plan requires increased investment in staff, technology, and select service providers to enhance governance and oversight. It is expected to yield long-term benefits, including better investment recommendation-making, monitoring and cost efficiencies, though it will take several years to fully implement.

A discussion then ensued and Chair Kelliher entertained a motion to enter into a non-public session to discuss employee compensation under RSA 91-A:3 II(a).

On a motion by Trustee Henry, seconded by Trustee Quigley, the Board voted by roll call to enter into a non-public session. Non-trustees participating in this non-public session included NHRS staff: Jan Goodwin, Timothy Crutchfield, Rosamond Cain, Marty Karlton, John Laferriere, Raynald Leveque, Nancy Miller, and Marie Mullen. Non-NHRS staff participating included Michael Gold, Susan Lau, and Randall Miller of Funston Advisory Services. In addition, Christine Clinton, Chair of the IIC, participated.

On a motion by Trustee Henry, seconded by Trustee Roy, the Board voted to conclude the non-public session. No action was taken in the non-public session.

Back in public session, on a motion by Trustee Mezzapelle and seconded by Trustee Henry, the Board unanimously voted to accept the recommendation of the IIC that the Board approve the Investment Office Strategic Plan as presented.

Finance Director Marie Mullen's operating report highlighted efforts to catch up on bank reconciliations impacted by the PGV3 transition, with compensating controls in place to manage cash flow and ensure security. Additionally, the FY 24 spending was within budget, resulting in a \$3.1 million savings, primarily from the Trust Fund and administrative expenses.

Executive Director Goodwin addressed the Board before the statutory administrative budget presentation. She emphasized that the Board's primary responsibility as fiduciaries is to act in the best interests of members and beneficiaries, operating under different legal obligations than state agencies, and should evaluate the budget with this fiduciary duty in mind.

Director Mullen presented the statutory administrative budget, explaining that it was developed as part of a three-year strategic plan to address previously neglected areas due to the focus on the PGM3 software implementation over the past five years. The budget includes a proposed 41% increase for FY 26 over FY 25 and a 1% increase for FY 27 over FY 26, primarily driven by IT upgrades, modernization projects, and salary increases to support new staff positions aligned with the strategic plan. IT Director John Laferriere provided details on various IT initiatives aimed at improving efficiency, customer service, and security, including upgrading the accounting system, implementing Customer Relationship Management, and integrating Artificial Intelligence and mobile app technologies to better serve members and beneficiaries. A thorough discussion followed, clarifying that approving the budget would have minimal impact on employer contribution rates and no impact on employee contribution rates, which are fixed by statute. Staff summarized that the budget represents a necessary catch-up effort to address past operational delays and position the organization for future success.

On a motion by Trustee Mezzapelle, seconded by Trustee Provost, the Board approved the statutory administrative budget as presented, with nine in favor, and Trustees Henry and Merrifield opposing.

Ms. Mullen then presented the revised Trust Fund budget, which proposed a \$712,150 increase based on the earlier-approved NHRS Investment Office Strategic Plan. This increase will fund investment office administrative expenses.

On a vote motioned by Trustee Henry and seconded by Trustee Roy, the Board unanimously approved the revised FY 25 Trust Fund budget as presented.

At approximately 12:35 p.m. Trustee Roy excused himself from the meeting and was absent for the remainder of the session.

Director of HR Rosamond Cain briefly highlighted that her department completed all items on its FY 24 Action Plan and is now focused on the FY 25 Action Plan, which emphasizes enhanced training, cross-training programs, and updating organizational structures and position descriptions. An audit of position descriptions, professional development, and performance appraisals is underway.

Deputy Director and Chief Legal Counsel Timothy Crutchfield gave his Legal report, highlighting the completion of the department's FY 24 Action Plan and KPM achievements, requested the Trustees to complete the annual ethics survey if they hadn't done so already, and introduced Attorney Mark Cavanaugh to review the annual summary of retirees working after retirement, noting key trends and potential penalties for those exceeding work-hour limits. Mr. Cavanaugh reported a shift in retiree groups, a reduction in grandfathered employees, and discussed a few cases involving penalties for exceeding work-hour limits.

Mr. Karlson provided his report on Legislative Affairs and Communications, which included the reintroduction of new hire welcome emails, the successful use of MailChimp to send over 1.1 million emails with a 50% open rate, and a 109% month-over-month increase in My Account 2.0 sign-ups following a targeted email campaign in July. Additionally, the Communications team participated in over 100 events in FY 24, mainly related to employer training and focus groups in addition to the regular member education programming.

Director of IT John Laferriere reported no impact from a recent CrowdStrike incident, noted

ongoing completion of penetration testing with no significant findings, and highlighted the continued rollout of multi-factor authentication and a new helpdesk ticketing system. Additionally, IT met all KPMs, is managing 32 active projects, and is progressing on the PG roadmap and other operational Action Plans.

Trustee Henry moved and Trustee Frederick seconded a motion to approve the Consent Agenda that was unanimously approved, as presented.

There were no travel reports.

Executive Director Goodwin provided an update on Action Items from the June 11, 2024, Board meeting, noting all but one of the six items have been completed and expressed gratitude for the Board's support on the budget.

During the Board Checkpoint discussion, Chair Kelliher announced that the Board will be asked to conduct a self-evaluation at the October meeting as a best practice and good governance.

With no further business to discuss, on a motion by Trustee Henry, seconded by Trustee Frederick, the Board voted unanimously to adjourn the meeting at 12:49 p.m.

Respectfully submitted,

Mariel Holdrege,
Executive Assistant

March 31, 2024

New Hampshire Retirement System

Quarterly Investment Highlights

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2024. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2024							
	Market Value \$(Dollars)	Ending Weight	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
Net of Fees							
Domestic Equity	\$4,070,164,959	33.42%	8.91%	17.45%	25.45%	8.36%	12.75%
US Equity Benchmark	-	-	10.02%	19.29%	29.29%	9.88%	14.05%
Non US Equity	\$2,316,779,263	19.02%	6.01%	11.55%	15.99%	3.19%	6.45%
Non US Equity Benchmark	-	-	4.69%	10.56%	13.26%	1.94%	5.97%
Fixed Income	\$2,335,505,005	19.17%	(0.54%)	3.54%	3.15%	(1.50%)	1.68%
Fixed Income Benchmark	-	-	(0.47%)	3.28%	2.67%	(2.11%)	0.69%
Cash	\$41,919,689	0.34%	1.33%	4.13%	5.40%	2.70%	2.11%
3-month Treasury Bill	-	-	1.29%	4.03%	5.24%	2.58%	2.02%
Real Estate **	\$1,187,800,040	9.75%	(2.91%)	(4.76%)	(9.60%)	8.44%	7.34%
Real Estate Benchmark **	-	-	(5.00%)	(9.68%)	(12.73%)	4.01%	3.34%
Alternative Assets **	\$2,227,807,754	18.29%	0.96%	2.39%	5.94%	12.64%	11.29%
Alternatives Benchmark **	-	-	10.14%	16.29%	23.56%	10.02%	13.37%
Total Fund	\$12,179,976,711	100.00%	3.72%	8.14%	11.04%	6.11%	8.33%
Total Fund Benchmark*	-	-	4.78%	10.14%	13.94%	5.09%	8.35%

* Current Total Fund Benchmark = 30.0% Russell 3000 Index, 25.0% Blmbg:Universal, 20.0% MSCI ACWI ex US, 10.0% NCREIF NFI-ODCE Val Wt Nt lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Blmbg HY Corp lagged 3 months +1.0% and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

** Performance for the Total Real Estate and Total Alternative Assets composites and their respective benchmarks are lagged one quarter.

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Past performance is no guarantee of future results.

The table below details the rates of return for the fund's asset classes over various time periods ended July 31, 2024. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Composite	Net of Fees Returns for Periods Ended July 31, 2024								
	Total Fund Weighting As of 7/31/2024	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Domestic Equity	32.85%	3.78%	10.44%	3.78%	14.47%	19.01%	7.42%	12.76%	11.33%
<i>Domestic Equity Benchmark(1)</i>		1.86%	9.97%	1.86%	15.67%	21.07%	8.11%	13.91%	12.67%
<i>Excess Return</i>		1.93%	0.47%	1.93%	-1.19%	-2.06%	-0.69%	-1.14%	-1.34%
Total Non US Equity	19.11%	2.78%	5.73%	2.78%	8.72%	11.60%	2.39%	6.60%	5.05%
<i>Non US Equity Benchmark(2)</i>		2.32%	5.19%	2.32%	8.14%	9.75%	1.79%	6.29%	4.18%
<i>Excess Return</i>		0.47%	0.55%	0.47%	0.58%	1.85%	0.60%	0.31%	0.87%
Total Fixed Income	19.18%	2.23%	4.66%	2.23%	1.64%	5.32%	-1.75%	1.47%	2.18%
<i>Bloomberg Capital Universe Bond Index</i>		2.27%	4.92%	2.27%	1.98%	5.72%	-2.28%	0.50%	1.89%
<i>Excess Return</i>		-0.04%	-0.25%	-0.04%	-0.34%	-0.40%	0.53%	0.98%	0.28%
Total Cash	2.03%	0.44%	1.30%	0.44%	3.09%	5.48%	3.29%	2.30%	1.64%
<i>3-Month Treasury Bill</i>		0.45%	1.34%	0.45%	3.09%	5.45%	3.18%	2.21%	1.56%
<i>Excess Return</i>		-0.01%	-0.04%	-0.01%	0.00%	0.02%	0.10%	0.09%	0.08%
Total Real Estate (Q1)*	9.08%	-0.57%	-1.71%	-0.57%	-5.81%	-8.45%	3.16%	5.86%	8.40%
<i>Real Estate Benchmark(3)</i>		-0.22%	-1.94%	-0.22%	-7.65%	-11.34%	1.99%	2.46%	5.76%
<i>Excess Return</i>		-0.35%	0.23%	-0.35%	1.84%	2.89%	1.18%	3.40%	2.63%
Total Private Equity (Q1)*	13.18%	-2.63%	-2.41%	-2.63%	-0.67%	0.81%	4.20%	12.13%	11.10%
<i>Private Equity Benchmark(4)</i>		-4.13%	4.53%	-4.13%	19.06%	24.58%	10.19%	15.97%	15.64%
<i>Excess Return</i>		1.50%	-6.94%	1.50%	-19.73%	-23.77%	-5.99%	-3.83%	-4.54%
Total Private Debt (Q1)*	4.55%	-1.76%	-0.14%	-1.76%	1.17%	2.79%	5.40%	4.99%	5.55%
<i>Private Debt Benchmark(5)</i>		-0.10%	1.62%	-0.10%	7.38%	11.28%	4.88%	4.42%	5.41%
<i>Excess Return</i>		-1.66%	-1.75%	-1.66%	-6.21%	-8.49%	0.52%	0.57%	0.14%
Total Fund Composite	100.00%	1.68%	4.81%	1.68%	5.85%	8.44%	3.69%	7.95%	7.37%
<i>Total Fund Benchmark(6)</i>		1.15%	5.59%	1.15%	8.19%	11.50%	4.09%	8.02%	7.63%
<i>Excess Return</i>		0.54%	-0.78%	0.54%	-2.35%	-3.06%	-0.40%	-0.07%	-0.26%

(1) The Domestic Equity Benchmark is the Russell 3000 Index as of 7/1/2021.

(2) The Non US Equity Index is the MSCI ACWI ex US Index as of 7/1/2003. Prior to 7/1/2003 it was the MSCI EAFE Index.

(3) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(4) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(5) The Private Debt Benchmark is (50% MStar LSTA Leveraged Loan 100 Idx + 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

(6) Current Month Target = 30.0% Russell 3000 Index, 25.0% Bloomberg Universal, 20.0% MSCI ACWI ex-US, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

(7) For the trailing 25 year period ended 7/31/24, the Total Fund has returned 6.35% versus the Total Fund Custom Benchmark return of 6.61%.

*Real Estate and Alternatives market values reflect current custodian valuations, which are typically lagged approximately 1 quarter.



New Hampshire Retirement System
54 Regional Drive, Concord, NH 03301
Phone: (603) 410-3500 - Fax: (603) 410-3501
Website: www.nhrs.org - Email: info@nhrs.org

October 1, 2024

TO: Michael W. Kane, Legislative Budget Assistant

CC: Governor Christopher, T. Sununu
Rep. Carol McGuire, Chairman, House Executive Departments and Administration
Sen. Howard Pearl, Chairman, Senate Executive Departments and Administration

FROM: New Hampshire Retirement System Board of Trustees and Independent Investment Committee
(Prepared by Jan Goodwin, NHRS Executive Director, and Raynald Leveque, NHRS Chief Investment Officer)

RE: Quarterly Compliance Notice

Dear Mr. Kane:

Pursuant to RSA 100-A:15, VIII(a), we are writing to confirm that New Hampshire Retirement System is in compliance with its duty to make all investment decisions solely in the interest of its participants and beneficiaries and does not have investments in any funds that may have mixed, rather than sole, interest investment motivations.

NHRS pursues an investment strategy designed to achieve its long-term funding requirements. The goal is to meet or exceed the retirement system's assumed rate of return over the long term, while at the same time managing the risk, return, and liquidity of the portfolio.

Respectfully,

Jan Goodwin
Executive Director

Raynald Leveque
Chief Investment Officer

NHRS Retiree Work Hours for 2023

RSA 100-A:1, XXXIV limits the work hours for NHRS retirees who work part-time for participating employers. Retirees working part-time prior to January 1, 2019, ("Grandfathered") may work a maximum of 1,664 hours for as long as they remain in at least one of the part-time positions they held prior to that date. Retirees who retired on or after January 1, 2019, ("Not Grandfathered") may work a maximum of 1,352 hours per calendar year. Employers are required to report on an annual basis all hours worked and compensation paid to any NHRS retirees in the prior calendar year.

The following is a summary of the work hours and compensation reported to NHRS for the 2023 calendar year.

CATEGORY	ALL RETIREES WORKING	GRANDFATHERED	NOT GRANDFATHERED	EXEMPT	NOT EXEMPT	STATE	POLITICAL SUBDIVISIONS
Number of Working Retirees	3,166	984	2,134	40	3,117	665	2,500
Total Work Hours	1,711,716	622,874	1,018,280	57,935	1,642,679	484,324	1,226,773
Average Annual Hours	540	633	477	1,448	527	728	490
Total Compensation	\$55,522,466	\$19,426,557	\$33,029,490	\$2,590,226	\$52,552,954	\$15,663,947	\$39,847,458
Average Annual Compensation	\$17,542	\$19,742	\$15,477	\$64,755	\$16,860	\$23,554	\$15,939

CATEGORY	POLICE	FIRE	TEACHER	EMPLOYEE
Number of Working Retirees	219	49	521	2,377
Total Work Hours	132,006	23,352	176,289	1,380,067
Average Annual Hours	602	476	339	581
Total Compensation	\$5,213,746	\$760,388	\$6,597,959	\$42,050,421
Average Annual Compensation	\$23,807	\$15,517	\$12,688	\$18,069

Notes: 1. This data has not been audited; 2. Because some retirees worked for multiple employers and/or had part-time employment in multiple member groups, the total number of retirees in particular groupings may differ slightly from the aggregate data; 3. Although exempt retirees (i.e., bailiffs, court security officers and retirees in full-time positions that are not subject to mandatory enrollment) are not subject to the annual limit on work hours, their wage and hour information is included in this summary pursuant to RSA 100-A:16 VII(a).



NHRS

New Hampshire Retirement System

FAQ: Employer Contribution Rates for FY 26-27

The fiscal year (FY) 2026-27 rates for the State of New Hampshire and for political subdivision employers were certified by the New Hampshire Retirement System (NHRS) Board of Trustees on August 13, 2024.

Here are answers to some common questions that participating employers may have concerning those rates.

Why are the employer rates changing?

Employer contribution rates are set every two years pursuant to RSA 100-A:16, III.

Employer contribution rates for the four membership classifications – Employee, Teacher, Police, and Fire – will decrease from the current rates as a percentage of covered payroll. The decrease is largely the result of strong investment performance over the five-year period ending June 30, 2023, actual member experience from July 1, 2021, through June 30, 2023, and relatively minor adjustments to demographic and economic actuarial assumptions adopted by the Board in June. Because the member payroll increases annually, the total dollar amount paid to NHRS by employers is expected to increase slightly.

NHRS Employer Contribution Rates for FY 26-27

	Pension	Medical Subsidy	Total
Employee-State	12.53%	0.34%	12.87%
Employee-Political Sub	12.53%	0.22%	12.75%
Teacher	18.28%	0.95%	19.23%
Police	28.72%	2.23%	30.95%
Fire	26.92%	2.23%	29.15%

Note: Printable versions of the state and political subdivision rates are available at:

<https://www.nhrs.org/employers/employer-contribution-rates>

NHRS Employer Contribution Rate Change from FY 24-25 to FY 26-27

	FY 24-25 Total Rates	FY 26-27 Total Rates	Percentage decrease from FY 24-25 rates
Employee-State	13.85%	12.87%	-7.1%
Employee-Political Sub	13.53%	12.75%	-5.8%
Teacher	19.64%	19.23%	-2.1%
Police	31.28%	30.95%	-1.1%
Fire	30.35%	29.15%	-4.0%

How are employer contribution rates determined?

Employer contribution rates are developed as part of a biennial actuarial valuation, which is required by statute. The NH Constitution (Part, I, Article 36-a) requires that the rates be based on “sound actuarial valuation and practice” as required to maintain the retirement system trust fund at the level needed to meet its future obligations.

Gabriel, Roeder, Smith & Company (GRS), the retirement system's consulting actuary, determines the cost of future benefits, the unfunded actuarial accrued liability (UAAL), and employer contribution rates based on assumptions about many future events, such as the age when members will retire, their rate of salary growth, how long they will live after retirement, and how much the plan's investments will earn. These assumptions are based on detailed statistical models and adhere to national Actuarial Standards of Practice. However, they are not facts; no one can predict future events. When the actual experience doesn't match the assumptions, there can be an actuarial gain or loss. Put simply, gains reduce employer contribution rates, losses increase employer contribution rates.

Why are there different rates for each of the member classifications?

Employer contribution rates for Employee, Teacher, Police, and Fire members are determined separately based on benefit structure, demographics, and other information unique to each member classification, so rates vary among the different groups.

Group II rates are higher because the retirement age for Police and Fire members is lower and the Group II benefit formula produces a larger pension than the Group I benefit formula. (Note: Group II members are not eligible for Social Security benefits for their NHRS-covered employment; neither they nor their employers pay Social Security taxes.)

In addition to the pension costs, the employer rates also contain a Medical Subsidy rate that ranges from 0.22% to 2.23% of covered payroll, depending on the member classification. (See below for more information on the Medical Subsidy.)

How does the unfunded pension liability affect employer contribution rates?

There are three components to employer contribution rates: the normal cost, unfunded actuarial accrued liability (UAAL), and the medical subsidy.

The normal cost reflects the estimated actuarial cost of pension benefits as those benefits are earned each year by members. This cost is shared by the employer and the member, with members paying the majority of the normal cost. The normal cost is expected to decline over time due to 2011 legislative changes that reduced benefit provisions for new members hired on or after July 1, 2011, as well as any member hired prior to that date but not vested prior to January 1, 2012. Future increases to benefit formulas would slow the decline of the normal cost.

The UAAL is the estimated value of NHRS benefits that have been earned in the past but have not yet been funded. The unfunded liability is borne solely by the employers. Overall, the unfunded liability accounts for more than 75% of the total employer contribution rate.

There have been several contributing factors to the current NHRS unfunded liability:

- A flawed statutory funding methodology in effect from 1991-2007 that led to the long-term under-calculation of employer contributions;
- The diversion of approximately \$900 million in investment earnings from the pension trust into a "Special Account" over roughly the same period. (The Special Account, which was created by legislation in the 1980s and repealed in 2012, funded other post-retirement benefits such as cost-of-living adjustments);
- Global economic dips (the 2001-02 dot-com bubble and the Great Financial Crisis of 2008-09) negatively impacting investment performance;
- Adoption of more conservative actuarial assumptions in 2011, 2016, and 2020 by the NHRS Board of Trustees, based on the results of actuarial experience studies required by statute and the Board's Actuarial Funding Policy.

Despite the unfunded liability, retirement benefits for NHRS members are secure. Changes made more than a decade ago have put NHRS on a solid path to financial health, however, the unfunded liability took many years to create, and it will take many years to eliminate.

In 2007, the Legislature created a closed, 30-year amortization period to pay off the UAAL, which commenced on July 1, 2009. In 2018, legislation was enacted to recognize actuarial gains and losses incurred after July 1, 2017, over closed periods of no more than 20 years. This is referred to as “layered amortization.” The approximate \$5 billion UAAL as of June 30, 2017 – referred to as the “initial UAAL” – continues to be paid down through 2039.

Actuarial gains and losses since July 1, 2017, are being recognized in layers of no more than 20 years, which will temper any potential employer contribution rate volatility as 2039 approaches, and also provide a sound basis for managing future gains and losses.

Why is the Medical Subsidy included in the employer rate?

The Medical Subsidy is a statutorily required payment made by NHRS directly to an eligible retiree’s former employer or the employer’s health insurance administrator that goes toward the cost of health insurance for a qualified retired member, spouse, or dependent child(ren). The Medical Subsidy is not a health insurance plan.

Medical Subsidy benefits are funded from a 401(h) trust for political subdivision Employees, state Employees, Teachers, and Police and Fire members. Because these benefits are pay-as-you-go, employers are required by statute to pay the amounts necessary to maintain the benefits provided for each of the above groups.

Because this benefit is a closed plan, except with respect to certain Group II members, the Medical Subsidy rates are expected to continue to decrease in future years.

Can employers expect contribution rates to continue to go down?

No. There is no expectation that rates will continue to fall. If all actuarial assumptions are met, employer contribution rates are expected to remain at current levels through 2039. However, as noted in a previous answer, no one can predict future events with certainty and when the actual experience doesn’t match the assumptions, there can be an actuarial gain or loss that impacts contribution rates. Future employer rates could also be influenced by adjustments to actuarial assumptions, which are reviewed every four years, or by legislative changes to the benefit structure.

Does the NHRS Board of Trustees have any leeway when certifying employer rates?

There is very limited discretion in setting the employer rates. The state Constitution and state law require that the NHRS Board of Trustees certify actuarially sound employer contribution rates necessary to keep the retirement system on track to meet its long-term obligations and that employers pay those rates in full.

The relevant section of Part I, Article 36-a of the Constitution reads, in part:

“The employer contributions certified as payable to the New Hampshire retirement system ... as shall be determined by sound actuarial valuation and practice ... shall be appropriated each fiscal year to the same extent as is certified.”

In addition to the constitutional mandate, Trustees are also bound by their fiduciary duty to the pension plan, which is the highest standard of conduct under the law. When NHRS fiduciaries make decisions about benefit administration, investments, or any other subject that falls within their statutory responsibilities, they are required to act solely in the best interest of the collective membership, not on behalf of individual

members or member groups, employers, lawmakers, taxpayers, or anyone else who might have an interest in the outcome of the decision.

Even if permitted by law, reducing employer contribution rates without consideration of the impact on NHRS' long-term ability to fund benefits would run counter to the Board's fiduciary duty, and would result in creating additional unfunded liabilities to the detriment of the plan and its participants.

Does the State of New Hampshire pay any portion of the political subdivision employer rates?

The State no longer subsidizes local employer contributions on an ongoing basis.

When RSA 100-A:16 was enacted in 1967, the State was responsible for 40% of the employer contribution for Teacher members employed by political subdivisions. The statute was amended in 1977, requiring the State to pay 35% of the employer contributions for Teacher, Police, and Fire members employed by political subdivisions.

RSA 100-A:16 was amended in 2009 to reduce the State's share to 30% in FY 2010 and 25% in FY 2011. The 2009 amendment also restored the State contribution to 35% in FY 2012. However, the statute was amended again in 2011 to eliminate the State's percentage share of employer contributions altogether. The 2011 amendment also included a one-time transitional appropriation of \$3.5 million in an effort to offset political subdivision employer contributions in FY 2012.

In 2012, the New Hampshire Supreme Court upheld statutory changes to RSA 100-A:16 enacted in 2009 that reduced the percentage the State of New Hampshire paid toward employer retirement contributions for Teacher, Police, and Fire members employed by political subdivisions. The Supreme Court decision did not change the total amount of employer contributions that must be paid to the retirement system – it only upheld the State's authority to reduce, and eventually eliminate, its contribution toward employer retirement contributions for Teacher, Police, and Fire members employed by political subdivisions. The net result of the decision was to shift pension costs from the State to political subdivisions.

In 2022, legislation provided one-time funding for employers in FY 2023. House Bill 1221 required the State of New Hampshire to reimburse 7.5 percent of local employer contributions to NHRS made in FY 2022 for Group I Teachers and Group II Police and Fire members.

2024 Legislative Tracker

Final

Legislation introduced in the 2024 session that would impact the New Hampshire Retirement System (NHRS, the retirement system) is listed below. For details on a particular bill, visit the State of New Hampshire General Court website at: <http://gencourt.state.nh.us/>

Note: Bills that have been killed or for which no further action is expected in the current legislative session are shaded in gray

BILL #	BRIEF DESCRIPTION	PRIMARY SPONSOR	STATUS
2024 NHRS-RELATED BILLS			
HB 1211	This bill temporarily increases the number of hours a retired employee can work in a calendar year from 1,352 to 1,872. After 10 years, the number of hours would revert to 1,352.	Rep. Mark Proulx	2/22/24: House, on a voice vote, accepted committee recommendation of inexpedient to legislate (ITL). The bill is dead.
HB 1267	This bill prohibits the investment of funds of the state treasury, executive branch agencies, and the state retirement system in investments which consider environmental, social, and governance (ESG) criteria.	Rep. Mike Belcher	2/8/24: House, on a voice vote, accepted committee recommendation of inexpedient to legislate (ITL). The bill is dead.
HB 1279	This bill provides that the state shall pay 7.5% of local employer retirement contributions for Group I Teachers and Group II Police and Fire members.	Rep. Michael Edgar	4/18/24: Senate, on voice vote, accepted committee recommendation of refer to interim study. No further action expected in 2024.
HB 1299	This bill makes community college fire educators eligible for Group II membership.	Rep. Douglas Trottier	2/15/24: House, on a voice vote, accepted committee recommendation of inexpedient to legislate (ITL). The bill is dead.
HB 1307	This bill, as amended, makes a one-time supplemental allowance of \$500 in fiscal year 2025 to accidental disability benefit retirees and beneficiaries retired prior to or on July 1, 2018, who have an annual pension benefit of \$50,000 or less. The bill also provides for any future supplemental allowances and cost-of-living adjustments for accidental disability beneficiaries to be granted without regard to years of creditable service.	Rep. Hope Damon	7/19/24: Signed into law by the Governor. Effective 7/1/24.
HB 1421	This bill requires the NHRS Board of Trustees to contract for two investment consulting firms and review their performance.	Rep. Stephen Pearson	2/15/24: House, on a voice vote, accepted committee recommendation of inexpedient to legislate (ITL). The bill is dead.

BILL #	BRIEF DESCRIPTION	PRIMARY SPONSOR	STATUS
HB 1435	This bill provides that if a retirement system retiree returns to being a member of the system, the portion of the retiree's allowance which is paid to a former spouse under a qualified domestic relations order will continue.	Rep. Barbara Comtois	2/8/24: House, on a voice vote, accepted committee recommendation of inexpedient to legislate (ITL). The bill is dead.
HB 1451	This bill provides that mandatory overtime shall be reported as part of the full base rate of compensation.	Rep. Carol McGuire	5/23/24: Senate, on a voice vote, accepted committee recommendation of inexpedient to legislate (ITL). The bill is dead.
HB 1559	This bill, as amended, establishes a new retirement system disability benefit for Group II members who retire as a result of a purposeful, violent attack by means of a deadly weapon. (Note: This bill replaced SB 134)	Rep. John Hunt	7/12/24: Signed into law by the Governor. Effective 7/1/24.
HB 1647	This bill, as amended, increases the multiplier for Group II Tier B members to 2.5% for all years worked in excess of 15 years for members who retire under service or disability retirement. The bill includes a \$26 million appropriation toward the cost of this change.	Rep. Peter Leishman	7/19/24: Signed into law by the Governor. Effective 6/30/24.
HB 1653	This bill modifies the definition of earnable compensation for Group II members hired prior to July 1, 2011, and who did not attain vested status prior to January 1, 2012.	Rep. Kevin Pratt	2/15/24: House, on a voice vote, accepted committee recommendation of refer to interim study. No further action expected in 2024.
HB 1673	This bill redefines average final compensation for Group II members hired prior to July 1, 2011, and who did not attain vested status prior to January 1, 2012.	Rep. Kevin Pratt	2/15/24: House, on a voice vote, accepted committee recommendation of refer to interim study. No further action expected in 2024.
SB 309	This bill changes the vesting period for retirement system benefits from 10 years to 5 years.	Sen. Donna Soucy	4/11/24: Senate, on voice vote, tabled the bill. No further action expected in 2024.
SB 368	This bill links the recalculation of a Group I retiree's NHRS benefit to his or her full retirement age under the federal Social Security system for members who retired prior to July 1, 2023, and who have not attained age 65 prior to July 1, 2024.	Sen. Donovan Fenton	3/21/24: Senate, on voice vote, accepted committee recommendation of refer to interim study. No further action expected in 2024.
SB 520	This bill requires state and local public retirement systems to discharge its duties solely in the financial interest of the participants and beneficiaries.	Sen. Bill Gannon	2/21/24: Senate, on a voice vote, accepted committee recommendation of inexpedient to legislate (ITL). The bill is dead.
Committee Key: ED&A = Executive Departments & Administration; Location Key: LOB = Legislative Office Building; SH = State House.			

RETAINED/RE-REFERRED 2023 BILLS			
HB 183	This bill allows retired Group II Fire members to be employed by the state fire academy and not have those employment hours count against the annual limit on part-time hours.	Rep. Dan Wolf	1/3/24: House, on voice vote, accepted committee recommendation of inexpedient to legislate (ITL). The bill is dead.

HB 250	This bill modifies the amount of the retirement annuity payable upon the accidental death of a member to 100 percent of average final compensation at the member's death with a maximum benefit of \$85,000.	Rep. Ben Baroody	1/3/24: Senate, on voice vote, accepted committee recommendation of refer to interim study. The bill is dead.
HB 436	This bill, as amended, provides a one-time, \$50 million appropriation toward the retirement system's unfunded pension liability in fiscal year 2023.	Rep. Kevin Pratt	4/18/24: Senate, on voice vote, accepted committee recommendation of refer to interim study. No further action expected in 2024.
HB 449	This bill increases the service retirement and disability retirement annuity multiplier for the first 20 years of service of Group II retirement system members under the transition provisions adopted in 2011.	Rep. Jeff Goley	1/3/24: House, on voice vote, accepted committee recommendation of inexpedient to legislate (ITL). The bill is dead.
HB 559	This bill establishes a defined contribution retirement plan for new state employees who begin service on or after July 1, 2024, and who would previously have been enrolled in Group I. All new state employees on and after July 1, 2024, will be required to participate in a defined contribution plan administered by the state Deferred Compensation Commission and would not be members of NHRS.	Rep. Dan McGuire	1/3/24: House voted 201-174 to accept a motion of indefinite postponement. The bill can only be taken up by a two-thirds vote. No further action expected in 2024.
HB 571	This bill authorizes a one-time payment to a retired Group II member or beneficiary.	Rep. Ben Baroody	1/3/24: House, on voice vote, accepted committee recommendation of inexpedient to legislate (ITL). The bill is dead.
SB 134	The bill establishes a new retirement system disability benefit for Group II members who retire as a result of a purposeful, violent attack by means of a deadly weapon. A floor amendment added to the bill by the House related to landfill permitting.	Sen. Regina Birdsell	5/30/24: Senate, on a voice vote, non-concurred with House version of the bill. The bill is dead. Note: The underlying Group II enhanced disability sections was added to another bill (HB 1559) and adopted by the House and Senate.

NHRS Board Statement of Beliefs and Guiding Principles

This statement provides a strategic framework for the administration of the New Hampshire Retirement System (“NHRS” or “the Board”) and its related pension trust fund (“the Trust” or “Fund”), its pension benefits (“the Plan”) and the organization. The material below is numbered for reference, however, all of these statements are of equal importance to the administration of the Trust, the Plan, and the organization, and are consistent with our mission to “Provide secure benefits and superior service”.

General

1. The Board is committed to being a trusted and effective fiduciary by always acting solely in the collective best interest of our membership per RSA 100-A:15, I-a, and general trust law.
2. The Board will not support any legislation that either interferes with the Board’s fiduciary duty or threatens the Plan’s tax qualified status.
3. The Board believes in applying a best practices approach to governance of the Board, the Trust, the Plan, and the organization. In the absence of industry accepted best practices, staff will develop policies and practices that are in the best interest of the NHRS and recommend them to the Board. These best practices include:
 - a. clear and documented allocation of responsibilities,
 - b. development and documentation of all related policies and procedures,
 - c. proper reporting, oversight, and performance evaluation,
 - d. reviewing peer pension practices, and
 - e. obtaining advice from experts and/or delegating specific responsibilities, as needed.
4. All beliefs, guiding principles, and related policies should be consistent with, and mutually supportive of, each other and be balanced and reasonable.
5. The Executive Director and all staff must be guided at all times by what is in the best long-term interest of the Plan members and beneficiaries in all investment and administrative functions.
6. All Plan-related activities will comply with statutes and related regulations (federal and state), and NHRS policies and rules.
7. All Plan-related activities and reporting will be in compliance with current professional standards and based on transparency and full disclosure where relevant and appropriate.
8. The Board and Staff are committed to adhering to best practices regarding data protection.
9. Board and staff are committed to developing prudent NHRS operating budgets, hiring qualified staff, adopting actuarially sound employer contribution rates as required under Part, I, Article 36-a of the NH Constitution, and providing data and factual analysis of Plan design changes or amendments to RSA 100-A.
10. Board and staff recognize that retirement benefits are an important part of public employees’ total compensation package.

11. The Board and staff are part of two important peer groups - pension plan administrators and investors- and must actively monitor issues and trends affecting these groups.
12. The statutory purpose of the NHRS retirement benefits is to replace a portion of the working salaries of our members.

Plan Design

1. The design and operation of the Plan should reflect the foundational concept that saving for retirement is a shared responsibility and is dependent on the consistent efforts of federal and state governments, employers, and members. This approach is often referred to as the three-legged stool for retirement income: an employer-provided defined benefit plan, Social Security (if applicable), and additional member savings, such as through an employer-provided defined contribution plan, Independent Retirement Account (IRA), or other investment vehicles.
2. The Plan must be cost-effective to participating employers and members.
3. Pursuant to RSA 100-A:16, II, the participating employers shall pay a portion of the normal cost in addition to amortizing the unfunded liability.
4. The eligibility for, and payment of, NHRS benefits are designed to encourage long-term employment and to compensate members for their service to our participating employers and the people of NH.
5. The Plan will provide a lifetime retirement income for its retirees and eligible beneficiaries, if chosen.
6. Eligible public employees who can be a member, should be a member per 100-A:1 and 100-A:3.
7. Working in retirement for a participating employer must be actuarially sound, not encourage retirement with the intent to return to service, and not threaten the Plan's tax qualified status.
8. To ensure intergenerational equity, each cohort of members, during their working years for NHRS participating employers, along with their employers, should pay enough in contributions so that those contributions and related investment earnings are sufficient to pay for the retirement benefits earned by members.
9. The Board supports prefunding as the most responsible funding method for benefit enhancement proposals.

Funding

1. Market risk is borne by the Fund – and by participating employers – and mitigated through prudent investment decisions made by the Board and the Independent Investment Committee and implemented by the Investment Team.
2. The Plan and its benefits must be sustainable and remain on a path to amortize the pre-7/1/2017 unfunded liability by 2039 due to its closed 30-year amortization period. Subsequent changes in liability after 6/30/17 are amortized in layers of no more than 20 years. Layers are determined every two years in the rate-setting actuarial valuations per 100-A:16.
3. To achieve and maintain full funding of the Plan is an important goal. When the Plan is 100% funded, actuarial contribution levels will be significantly lower because the unfunded liability will be eliminated.
4. Contributions from the employers and the members should be stable and predictable per RSA 100-A:16.

5. In general, the funding mechanisms for the Plan should be tax effective for the members per RSA 100-A:16.
6. The Board and staff are committed to maintaining the Plan's tax qualified status per RSA 100-A:2.

Investments

1. NHRS is a long-term investor with the goal to deliver secure retirement benefits through prudent investment management.
2. The performance goal for the Fund is to achieve a risk adjusted rate of return over the long-term, equal to or exceeding the assumed rate of return.
3. All investment decisions are based solely in the interest of NHRS' participants and beneficiaries per RA 100-A:15, I-a.
4. Asset allocation is an important determinant of long-term investment performance, incorporating diversification and risk management as factors to achieve the long-term rate of return.
5. NHRS investment processes should be efficient, prudent, transparent and provide net value.
6. The Board, the Independent Investment Committee, and Investment team will regularly review and identify opportunities to achieve the long-term goals for plan assets.
7. As a long-term investor, NHRS is focused on generating sufficient funds to pay retirement benefits to current and future beneficiaries and takes a measured approach to short-term market and economic conditions.
8. The Fund has a responsibility to engage with investment managers and advisors to encourage and improve transparency in the funds we invest in.

Organization

1. We are committed to acting in an ethical, honest, and professional manner in all our interactions.
2. We desire to create an environment in which all employees can thrive and be aware of the importance of the work they do for our members, beneficiaries, and participating employers.
3. We have a commitment to a diversified workforce that reflects our state and our membership.
4. We recognize the importance of lifelong learning and creation of career paths for all employees.
5. Total compensation for all employees must be competitive with comparable public pension plans.
6. We strive to provide responsive, accurate, and timely information to our stakeholders, including, but not limited to, educating plan members to prepare for retirement by providing relevant information online, in newsletters, through regular member education events, and other effective means of communication.
7. We are committed to safeguarding the confidentiality of personal information.
8. We strive to exceed expectations through innovation, accountability, and teamwork.