



 **What to know about NHRS:
Presentation for HR and Personnel
Departments**

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Overview

- NHRS is a contributory, multi-employer, defined benefit plan established in 1967
- Provides retirement, disability, and death benefits, as well as a post-retirement Medical Subsidy to eligible members and their beneficiaries
- Once members attain eligibility, they can receive a guaranteed lifetime pension
- Pension benefits are funded through employee and employer contributions and investment returns
 - Investment returns have historically provided the majority of funding for pension benefits

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Overview

- NHRS is a component unit of state government overseen by a Board of Trustees
 - Board of Trustees and Independent Investment Committee are fiduciaries
- NH Legislature is the plan sponsor (RSA 100-A)
- NHRS staff implements statute, rules, policies
 - Internal Revenue Code
- NH Constitution Art. 36-a
 - Protects funds 'for the exclusive purpose' of providing benefits
 - Requires Board to certify employer rates based on sound actuarial practice
 - Requires employers to pay the rates certified

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Overview

Approximately 48,500 Active Members

Group I: Employee and Teacher members of the state, school districts, municipalities, counties, and other political subdivisions

Group II: Police and Fire members

Approximately 40,000 retirees or their beneficiaries receive pensions

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Overview

- **Accumulated Contributions**
 - Member contributions plus credited interest
 - Not employer contributions
- **In Service**
 - Member and employer actively contributing to NHRS; FMLA; Workers' Compensation; active military duty
- **Service**
 - Key component of pension formula
 - Active members earn service credit each month
 - Other service credit

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Overview

- **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
 - Be working in an NHRS-covered position at or beyond normal service retirement age, regardless of years of creditable service
 - Age 60: Group I members in service prior to 7/1/11; All Group II members; Age 65: Group I members hired on/after 7/1/11

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Enrolling a new member

- In most cases of full-time employment, membership in the retirement system is mandatory
- Required forms
 - Enrollment form
 - Note: Enrollment forms are also required when a member changes their classification or group (i.e. "employee" moves into "teacher" position; a Group I member takes a Group II position)
 - Designation of Death Beneficiary(ies) (Pre-retirement), OR Death Benefits Designation of a Trust as Beneficiary

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Employer Termination Forms

- Required when an employee retires
- There are different forms depending on position classification, vested status and whether or not the form is for a deceased member
 - With the exception of deceased member forms, employers may obtain the forms from the NHRS website or by contacting Member Benefits at: termforms@nhrs.org
- Instructions on how to fill out forms available online: www.nhrs.org/employers/forms

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Working After Retirement

- May work for any non-NHRS employer with no restrictions
- May not occupy a full time NHRS-covered position and receive pension
- NHRS retirees working part-time for retirement system participating employers are restricted to working a maximum of 1,352 hours per calendar year
 - Grandfathered hours: Retirees who were already worked part-time as of 1/1/2019 may work up to 1,664 hours per calendar year for as long as they remain in the position they held on that date
- 28-day separation from service
- Financial penalty for any retirees exceeding the statutory limits on annual hours worked

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Benefits

- NHRS is a defined benefit plan, i.e. benefits are not based on contributions or investment returns
- Four types of retirement: service, disability, early service, and vested deferred
- Different benefits provisions apply to Group I and Group II
- Different benefits provisions apply based on vested status and date of hire
 - Vested prior to 1/1/2012
 - In service prior to 7/1/2011 but not vested prior to 1/1/2012
 - Hired on/after 7/1/2011

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Benefits

- Pension benefits are determined by statutory formulas that consist of three components
 - Creditable Service
 - Average Final Compensation
 - Benefit Multiplier
- Detailed benefit information for specific member tiers: www.nhrs.org/education

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Service Retirement Benefit Formula: Group I

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

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

$$\begin{aligned} \$42,000 \div 60 &= \$700 \\ \$700 \times 30 \text{ years} &= \$21,000 \end{aligned}$$

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Service Retirement Benefit Formula: Group I

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

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

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Service Retirement Benefit Formula: Group II

For members vested prior to Jan. 1, 2012:

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

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

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Service Retirement Benefit Formula: Group II

For members not vested prior to Jan. 1, 2012:

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%

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Service Retirement Benefit Formula: **Group II**

For members hired on or after July 1, 2011:

- Age 52.5 with 25 years of Group II service

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



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Early Retirement: **Group I**

For members in service prior to July 1, 2011:

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

OR “Rule of 70”:

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

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Early Retirement: **Group I**

For members in service prior to July 1, 2011:

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%

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Early Retirement: **Group I**

For members hired on or after July 1, 2011:



- 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 ¼% per month for every month prior to age 65

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Early Retirement: **Group II**

For members hired on or after July 1, 2011:

- 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 1/4 of one percent for each month prior to age 52.5 the member receives an allowance



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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



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Filing for Retirement

- **File with NHRS 30–90 days prior to effective date of retirement (always the first of a month)**
 - Personal appointment
 - Advance notice is required
 - Application is online
- **Terminate NHRS-covered employment prior to the effective date of retirement**

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Common Member Questions

Q: How do retirement contributions work?

- **Member Contributions (Set by statute)**
 - Employees (Group I): 7%
 - Teachers (Group I): 7%
 - Police (Group II): 11.55%
 - Fire (Group II): 11.8%
- **Employer contributions are determined every two years**
 - Employer contributions are never paid out as a lump sum withdrawal, they are used to fund pension payments
 - If a member terminates employment and opts to withdraw or roll over accumulated contributions, he or she will receive contributions and interest

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Common Member Questions

Q: Do member contributions earn interest?

- Yes, interest is set by statute at the beginning of each calendar year and applied to member accumulated contributions
 - The current interest range is between 4.75% and zero, based on investment earnings in the prior fiscal year
 - Regardless of economic conditions, members will never lose money on their contributions

Q: Why do members have to contribute?

- It's the law

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Common Member Questions

Q: Can members take a loan against their contributions?

- No, loans are not allowed.

Q: Can members put extra money into the pension plan?

- New NHRS members cannot contribute extra money into their retirement account.
- Note: 'Additional Contributions' provision exists for members who signed up before this program was repealed in 2004.

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Common Member Questions

Q: How often can a member update his or her beneficiary?

- Before retiring, members can update their beneficiary at any time.
- Remind members to make sure the beneficiary is up-to-date after any major life change:
 - Marriage
 - Divorce
 - Children
 - Death of beneficiary

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Common Member Questions

Q: What if a member leaves public employment?

- Leave contributions with NHRS
 - If members are vested and do not withdraw your funds, they can apply for a pension when they meet eligibility requirements
 - Even if member is not vested, leaving contributions with NHRS preserves your years of service and date of membership should someone return to NHRS-covered employment at a later date
 - Contributions may earn interest
- Withdraw contributions plus interest
 - Pay taxes on the withdrawn funds
 - Terminates NHRS membership and forfeit right to pension
- Roll over contributions and interest into another qualified plan
 - No penalty, no tax consequences
 - Terminates NHRS membership and forfeit right to pension

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Common Member Questions

Q: What if a member goes to work for another retirement system employer?

- **Nothing changes when moving to another NHRS employer**
 - **Members still make contributions**
 - **Members continue to add to service**
 - **If vested:**
 - **Remain eligible for a lifetime benefit at retirement**
 - **Death and disability benefits stay intact**

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Common Member Questions

Q: Can a member transfer service earned from another retirement system into NHRS?

- **Service earned in another public employee pension plan is not transferrable**
 - **This includes federal employment**
 - **NHRS service may be transferrable to another state or local plan**
 - **Check with your new employer for details**

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Common Member Questions

Q: What happens if a member dies while still working?

- Job-related death benefits are available to the beneficiaries of all active members
- Members with 10 years of creditable service also qualify for non-job-related death benefits
- Death benefits vary depending on whether the death was job-related or not
- Member must be in service
- Regardless of whether or not the beneficiary is eligible for a death benefit, they will receive a refund of the member's accumulated contributions
- Pre-Selection of a Survivorship Option
 - If member is actively contributing AND is eligible for Service Retirement
 - Lifetime pension to beneficiary if member dies before applying for retirement

Note: if an active member dies prior to retiring, employers must fill-out an "Employer's Statement of Death" form. Please contact NHRS for this form

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How can I learn more?

- Visit our Employer Resources page and HR/Personnel Resources page
 - Page geared towards information for new members, mid-career members, and members approaching retirement
- Required enrollment forms
- Printable benefit summaries
- FAQs
- NHRS... Now You Know
- Secure message center

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How can I learn more?

- Employer education sessions
 - Audit topics
 - Reporting topics
 - Combination audit/reporting
- Member education sessions
 - Separate Group I and Group II sessions
 - Lunch & Learn: webinars for new members, mid-career members, and members close to retirement

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My Account

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



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Keep in Touch

- Visit our website at 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

Toll Free: 877-600-0158

info@nhrs.org

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What's 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.