

Funding

NHRS benefits are funded by member contributions, employer contributions, and net investment returns. Investment returns historically provide the majority of funding for pension benefits.

Trust Fund

The retirement system trust fund stood at \$5.8 billion as of June 30, 2012.

NHRS is currently 56.1% funded, meaning the retirement system has an Unfunded Actuarial Accrued Liability ("unfunded liability"). The unfunded liability is the difference between the actuarial value of the retirement system's assets and the actuarial value of benefits already accrued.

Some of the unfunded liability is related to investment performance in the past decade, however, a significant portion of the funding gap is the result of public policy decisions made more than 20 years ago that have since been reversed.

Being underfunded does not mean a pension plan is unable to pay the benefits that it is presently obligated to pay or to meet current cash flow requirements.

NHRS assets are secure and guaranteed in the New Hampshire Constitution.

Funds are available to pay present benefits and a funding mechanism is in place to pay off the unfunded liability by 2039.

Since 2007, more than 70 changes have been made to the laws governing the retirement system. In addition to changes to the plan design, this legislation created several statutory safeguards to prevent a repeat of the kind of public policy missteps that contributed to the current unfunded liability.

Contribution Rates

By statute, Group I (Employee & Teacher) members contribute 7% of their salary to NHRS. Group II (Police & Fire) members contribute 11.55% and 11.80%, respectively. Group II members do not participate in Social Security.

While member rates are set by statute, employer rates are set by the NHRS Board of Trustees every two years after a biennial actuarial valuation is conducted.

Employer contributions are assessed at five different rates, one each for state employees, political subdivision employees, teachers, police, and fire.

The New Hampshire Constitution requires Trustees to set actuarially sound employer rates and requires employers to pay those rates in full.



HOW TO REACH US

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Sign up for email alerts
at www.nhrs.org
by clicking on
"NHRS Email Updates"

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Rev. 1/2013

Board of Trustees

NHRS has a unique status in state government. It is not a state agency under the executive branch; it is a component unit of the state governed by statute and overseen by a Board of Trustees. Trustees are fiduciaries bound by law to act solely in the interest of the members and beneficiaries of the pension plan.

Public Members

Lisa Shapiro, *Chair*
Richard Gustafson
David McCrillis
Hershel Sosnoff

Employee Members

Dean Crombie,
Police
Karen McDonough,
Teacher
Kate McGovern,
Employee
George Walker,
Fire

Employer Members

John Beardmore
State of N.H.
Donald M. Roy,
N.H. School Boards Association
Guy Scaife,
N.H. Municipal Association
John Wozmak,
N.H. Association of Counties

Ex Officio Member

Catherine Provencher,
State Treasurer

NHRS FACT SHEET

A Quick Guide to the
New Hampshire
Retirement System
for Members, Retirees,
Employers, and Lawmakers



NHRS at-a-glance

From the Executive Director

This brochure provides a snapshot of the New Hampshire Retirement System (NHRS, the retirement system), which was established in 1967 as a contributory, defined benefit plan. The plan provides lifetime pension benefits that are determined at retirement under formulas prescribed by law; the pension benefit is not based on investment returns or contributions.

NHRS provides retirement benefits, as well as pre- and post-retirement death benefits. It also provides a post-retirement Medical Subsidy to eligible members and beneficiaries.

Benefit formulas and eligibility requirements are set by state law (RSA 100-A). The retirement system is also governed by administrative rules, policies adopted by the NHRS Board of Trustees, and the Internal Revenue Code.

All of us at NHRS are committed to the professional management and administration of pension benefits for the exclusive benefit of our members and retirees.

*George P. Lagos,
NHRS Executive Director*

Membership

NHRS members are full-time state, county and municipal employees, teachers, police officers, and firefighters. The membership consists of two groups: Group I (Employee & Teacher) and Group II (Police & Fire).

Active Members

As of June 30, 2012

Employee	24,747
Teacher	18,161
Police	4,118
Fire	1,599
Total	48,625

Note: There are also 1,372 members no longer working in NHRS-eligible positions who are “vested,” meaning they have earned a future benefit, and 7,041 non-vested members no longer working in NHRS-eligible positions who have kept their accumulated contributions with the retirement system.

Participating Employers

NHRS has 475 participating employers – the State of New Hampshire, counties, individual communities,

school districts, and others. Not every New Hampshire political subdivision participates in the retirement system for its employees, although most do. Participation is mandatory for Police, Fire, and Teacher employers.

Retirees/Beneficiaries

As of June 30, 2012

Employee	14,141
Teacher	9,956
Police	2,981
Fire	1,376
Total	28,454

Average Annual Benefit

As of June 30, 2012

Employee	\$12,591
Teacher	\$21,320
Police	\$34,731
Fire	\$36,461
Total Average	\$19,119

NHRS paid out \$547 million in pension benefits in fiscal year 2012, which makes the retirement system one of the largest payrolls in the state. More than 80% of retirees and beneficiaries live in New Hampshire. In addition to pensions, NHRS paid out \$59 million in post-retirement Medical Subsidy allowances in fiscal year 2012.

Investments

NHRS pursues an investment strategy designed to meet its long-term funding requirements. The Board of Trustees, with research and input from NHRS investment staff, outside experts, and a recommendation from the Independent Investment Committee, sets an investment policy that includes asset allocation and an assumed rate of return.

The Independent Investment Committee manages investments based on the Trustees’ policies, continuously monitors and evaluates performance, and makes

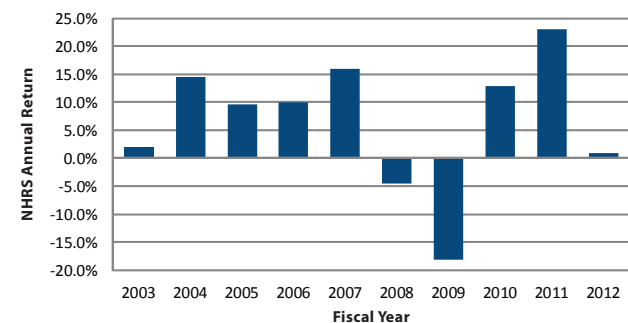
determinations regarding the hiring and retention of fund managers.

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. The current assumed rate of return is 7.75%.

NHRS realized a 0.9% return on its assets in fiscal year 2012.

The three-year, five-year, 10-year, and 20-year returns for the periods ended June 30, 2012, were 11.9%, 1.8%, 6.0%, and 7.8%, respectively.

10-Year Investment Returns



LEARN MORE

Member/Retiree/Employer Information

Detailed information on NHRS benefits, printable forms, newsletters, and answers to common questions for members, retirees, and employers may be viewed online at: <http://www.nhrs.org>

Financial/Investment Information

Comprehensive Annual Financial Reports, Summary Financial Reports, Annual Investment Reports, and Actuarial Valuations may be viewed online at: <http://www.nhrs.org/Investments/Reports.aspx>