Group I (Employee & Teacher) Member Education Session
Summary of Benefits
Overview of Program

- Retirement Terms
- Type of Retirement Plan
- Retirement Benefits
- Death Benefits
- Filing for Benefits
NHRS Governance

- RSA 100-A
- Administrative Rules
- NHRS Board of Trustees
- Internal Revenue Code
Retirement Terms

- Retirement
  - Not the same as ‘termination’ or the last day of employment
  - Must meet filing deadlines
Retirement Terms

- **Vesting**
  - 10 years of creditable service, or
  - 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
    - Age 65: Group I members hired on/after 7/1/11

- **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 for members vested prior to Jan. 1, 2012, and other members
Defined Benefit Plan

- Benefits are **not** based on contributions or investment returns

- Benefits are based on a specific formula:
  - Service (Creditable Service)
  - Salary (Average Final Compensation)
Creditable Service

- Months and years of service credit earned as a contributing member
- Other Service Credit
Purchasing Service Credit

- Types of service purchases:
  - Employer Enrollment Oversight; Military; Modifications; Previously Withdrawn; Probationary/Temporary; Workers’ Compensation; Peace Corps or AmeriCorps
- 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)

For members vested prior to Jan. 1, 2012:
The average of a member’s three highest years of Earnable Compensation

For members vested on or after Jan. 1, 2012:
The average of a member’s five highest years of Earnable Compensation

For all members, AFC is subject to:
- 150% earnings limitation
  - Grandfathered severance
Service Retirement Benefit Formula

Formula used for members ages 60–64:

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

$42,000 \div 60 = $700$

$700 \times 30 \text{ years} = $21,000
Service Retirement Benefit Formula

- All Group I members experience a reduction in their pension amount beginning at age 65, based on the benefit formula, regardless of their effective date of retirement

Formula used for all members age 65 and older:

AFC divided by 66, multiplied by creditable service

= annual pension

$42,000 \div 66 = $636

$636 \times 30 \text{ years} = $19,091
Early Retirement

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
Early Retirement

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.

<table>
<thead>
<tr>
<th>Years of Creditable Service</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>35+ years</td>
<td>1 1/2%</td>
</tr>
<tr>
<td>30–34 years</td>
<td>3%</td>
</tr>
<tr>
<td>25–29 years</td>
<td>4%</td>
</tr>
<tr>
<td>20–24 years</td>
<td>5%</td>
</tr>
<tr>
<td>Fewer than 20 years</td>
<td>6 2/3%</td>
</tr>
</tbody>
</table>
Early Retirement

For members in service prior to July 1, 2011:

Example: Group I member with 25 years of creditable service retires at age 55

$60 - 55 = 5$ years of early retirement
$25$ years $= 4\%$ reduction for each year
$5$ years $\times 4\% = 20\%$ permanent reduction
Early Retirement

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
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
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
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
  - Contact last NHRS employer for details
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 restricted to working a maximum of 1,352 hours per calendar year
  - Financial penalty for any retirees exceeding the statutory limits on annual hours worked
- 28-day separation from service
- FAQ on website at: [https://www.nhrs.org/faqs/faq-part-time-employment](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

- Estimate Card

- Personal appointment
  - Advance notice is required
  - Call (877) 600–0158 x3500

- Application is online
  - Download a retirement application at [www.nhrs.org](http://www.nhrs.org)
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
  - If member is actively contributing AND is eligible for Service Retirement
  - Lifetime pension to beneficiary if member dies before applying for retirement
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