

APPENDIX 2

HB 2 RETIREMENT SYSTEM PROVISIONS: IMPACTS ON EMPLOYEE CATEGORIES - As Voted by House & Senate on 6/22/2011

Bill Section	Description	New Hires	Non-Vested Members	Vested Members*	Retirees
I60	Findings and Intent				
161-162	Earnable compensation: <ul style="list-style-type: none"> • If vested by 1/1/2012: new limits on extra & special duty pay as in AFC calculation • Removes unused sick, vacation, & end-of-career payments • Removes extra and special duty pay for new hires 	✓ ✓	✓	✓	
163	Average Final Compensation (AFC): <ul style="list-style-type: none"> • Highest 3 years of extra & special duty pay may not exceed average of last 7 years • Change to highest 5 years; excess over base pay may not exceed average annual compensation over base pay over all years of service 	✓	✓	✓	
164	Maximum Initial Benefit: <ul style="list-style-type: none"> • The lower of 85% of AFC or \$120K 	✓	✓		
165	State employees: <ul style="list-style-type: none"> • Medical benefit eligibility: increases age 	✓	✓		
166-171	Increase ages/Decrease Pension Multiplier/Transition Period for Group II <ul style="list-style-type: none"> • Group I to 65, or reduced benefits after 60 w/ 30 yrs. • Group II to 50 w/ 25 years for non-vested, w/ transition period for ages 45-49 • Group II to 52.5 w/ 25 years for new hires 	✓ ✓	✓		
172	Increase Employee Contribution Rates effective 7/1/2011: <ul style="list-style-type: none"> • Group I to 7.00%, Group II Police to 11.55%, Group II Fire to 11.80% 	✓	✓	✓	
173	Future synchronized rates: when/if employer rates drop to equal employee rates, future rate increases and decrease will be equal				
174-175	Board of Trustees membership <ul style="list-style-type: none"> • 4 Employer & 4 Employee Trustees; no Legislative Trustees • Board provides quarterly reports to House & Senate ED&A committees 				
176	Medical Benefit Subsidy: frozen at current levels				✓
177	NHRS membership: <ul style="list-style-type: none"> • Unclassified state new hires shall be members & suspend benefits if retired; Mandatory membership for newly created state & municipal positions 	✓			✓
178	Definition of part-time employees: For retired members, 32 hours per week; or, if more than 32, limited to 1,300 hours in consecutive 5 months per calendar year				✓
179	Credit of interest: the lower of 2% less than ARR, or actual %				
180-181	Investment Committee: immunities and protections				
182	Amend RSA 100-A:41-d regarding additional temporary supplemental allowances: extended to 7/1/2012				✓
183	Special account: transfer balance to corpus				
184	Study Committee: voluntary defined contribution plan				
185	Study Committee: disability, medical subsidy, COLAs				
186	Repeals: <ul style="list-style-type: none"> • RSA 100-A:6, III (b)(3) re: Group II accidental disability exception • RSA 100-A:4-b re: Group I purchase of out-of-state credit, RSA 100-A:4-c re: Group II purchase of out-of-state credit 	✓ ✓	✓ ✓	✓ ✓	
187	Severability				
188	Re-certification of employer rates for FY '12 & '13 asap after 7/1/2011; no change to assumed rate of return until FY '14				
189	Contingency if SB3 becomes law: HB2 sections 160-173 & 175-187 do not take effect; also, SB3 sections 15, 16 & 30 do not take effect.				
190	NHRS board subcommittee meetings: members may participate by telephone				
191	State share of employer contributions eliminated in FY '13				
413	Effective dates: Upon passage: sections 180-189; Remainder: 7/1/2011				

*Sections 161-171 refer to members in vested status prior to 1/1/2012