

Service Purchase Policy - Approved at the November 12, 2014 NHRS Bd. Meeting

I. Purpose and Intent.

The purpose of this Policy is to identify the general principles and methods that will be applied by the Board of Trustees and actuary of the New Hampshire Retirement System ("NHRS") to implement the requirement in RSA §100-A:3, VI(b) and RSA §100-A:4 VIII with respect to determining the costs associated with Prior Service Purchases by an employee. This Policy shall apply to all employee service purchases that are effective on or after July 1, 2014.

Nothing in this Policy is intended to waive any provisions, rights or requirements of applicable law, including RSA §100-A:3 or RSA §100-A:4. The Board of Trustees reserves the right to amend this Policy at any time and for any reason. The Board of Trustees also reserves the right to deviate from this Policy in any case in which application of the Policy would, in the Board's sole discretion, produce an unreasonable result.

II. Policy.

A. Assumptions and Methods. For purposes of RSA § 100-A:3, VI (b) and RSA §100-A:4 VIII, the full actuarial cost shall be the change in the present value of future benefits resulting from the additional service plus the change in the present value of future member contributions (to reflect the value of "lost" future member contributions in cases where eligibility changes). In general, the actuarial assumptions used shall be those used in the regular actuarial valuations adjusted for the unisex mix based on the member classification.

B. Payment of Cost. The full actuarial cost determined for a member purchasing prior service credit under RSA § 100-A:3, VI (b) and RSA §100-A:4 VIII shall be paid to the NHRS in a lump-sum or on such other commercially-reasonable terms as may be approved by the Board of Trustees in their sole discretion. Service credit shall not be granted until the active member has fully paid for such service credit.