

## Retirement Terms

**Accumulated Contributions** – The total amount a member has paid into the retirement system plus credited interest. Employer contributions are not included.

**Creditable Service** – The number of months and years of service earned as an NHRS member. Creditable Service is one of the factors used to calculate the pension benefit.

**Direct Rollover** – A transfer of all or any portion of a terminated member's accumulated contributions by NHRS to an individual retirement arrangement (IRA) or to another eligible retirement plan. Generally, with a direct rollover, all amounts which have not been previously taxed will remain tax-deferred until such funds are distributed from the terminated member's IRA or other eligible retirement plan.

**Refund** – A member's withdrawal of accumulated contributions through a payment to the member or a trustee-to-trustee transfer ("direct rollover") to an eligible retirement plan, or a combination of a payment and direct rollover.

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## Contact Information

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## Learn More

There are several ways for members to learn more about the retirement system and stay abreast of issues affecting their retirement.

**Email Updates** - Sign up for email updates to receive news releases, newsletters, and other important notices from the retirement system.

**My Account** - Members and retirees may access their personal account information online, including account balances, demographics (i.e. address, phone number, email), beneficiary information, and an online benefit calculator.

**Online Presentations** - Members can learn about various NHRS-related topics at their convenience.

## Am I eligible to receive a pension benefit?

Members with at least 10 years of creditable service in an NHRS-covered position are vested and have earned a right to a future benefit. Members who are working in an NHRS-covered position at or beyond normal Service Retirement age also have earned a right to a future benefit, regardless of their years of creditable service. For more information, see:

<https://www.nhrs.org/faqs/faq-vesting>

**Note:** If you have met either of the above eligibility requirements, please refer to the "Pension-Eligible Members" section for additional information.

In lieu of receiving a retirement benefit, members may elect a refund of accumulated contributions. A refund of accumulated contributions will result in a cancellation of service credit and forfeiture of all rights to benefits. Members are encouraged to consult a legal or tax advisor before requesting a refund.

## If a member terminates employment, must the member's accumulated contributions be withdrawn immediately?

No.

## When may a terminated member apply for a refund of accumulated contributions?

Group I (Employee and Teacher) members may initiate the withdrawal process by submitting an application and related documentation to NHRS no sooner than 30 days after termination of employment, and only if the member does not become a contributing member again before the refund is issued.

Group II (Police and Fire) members may initiate the withdrawal process by submitting an application and related documentation to NHRS at any time after termination of employment, and only if the member does not become a contributing member again before the refund is issued.

**Note:** Withdrawal of accumulated contributions will result in a cancellation of service credit and termination of NHRS membership; vested members will forfeit all right to benefits.

## What action is required to inform NHRS of a terminated member's decision regarding accumulated contributions?

*Leaving accumulated contributions with NHRS* – No action is required. However, a terminated member who leaves accumulated contributions with the retirement system must inform NHRS, in writing, of any address change so that the retirement system may provide periodic account updates to the member.

*Applying for a direct rollover* – In order to apply for a direct rollover, the member must submit to NHRS a *Terminated Member's Application for Refund of Accumulated Contributions* form electing a direct rollover, a *Terminated Member's Request for Trustee-to-Trustee Transfer* form, and either a copy of the member's Social Security card or a completed IRS Form W-9. NHRS also requires an acceptance letter from the financial institution to where the accumulated contributions are to be transferred.

*Applying for a refund* – The member must submit to NHRS a *Terminated Member's Application for Refund of Accumulated Contributions* and either a copy of the member's Social Security card or a completed IRS Form W-9. Employers are required to complete Section 4 of the application if the member terminated employment after January 1, 2012. Upon receipt of a properly completed application, NHRS is required by law to process the application within three months.

## Are accumulated contributions taxable when refunded?

After-tax contributions refunded to a member are not subject to Federal income tax. Pre-tax contributions and interest earnings are subject to Federal income taxes when received.

A terminated member may defer Federal income taxes otherwise due on pre-tax contributions and interest by electing a direct rollover. Any pre-tax contributions and interest which are not rolled over are subject to Federal income taxes in the year refunded by NHRS to the member. For Federal income tax purposes, NHRS is required by law to withhold 20 percent of currently taxable refunds. Taxable refunds received before the terminated member reaches age 59½ may also be subject to an additional 10 percent tax on premature distributions. NHRS does not withhold the 10 percent additional tax from refunds. The additional tax is reported and paid on the member's Federal income tax return for the year in which the refund was received. Members are encouraged to consult the IRS or a tax advisor and/or refer to IRS Publication 575 and IRS Form 5329 for additional information.

## If a member is experiencing financial difficulties, may they withdraw part of their accumulated contributions or borrow against their accumulated contributions?

No.

## Is a terminated member who elects a refund of accumulated contributions entitled to employer contributions made on the member's behalf during periods of NHRS membership?

No.

### **What if a member experiences a reduction in the number of hours worked such that the member is no longer eligible for active NHRS membership?**

If a member's hours are reduced below the minimum required for active NHRS membership, the member's contributions to NHRS will cease. However, the member is not entitled to a refund of accumulated contributions while still employed by any employer that participates in the retirement system.

### **What if a terminated member receives a refund of accumulated contributions and later becomes an NHRS contributing member again?**

Upon returning to NHRS-covered employment, the individual will be required to complete an NHRS enrollment form as a new member and pay mandatory contributions to NHRS. After re-enrollment, the member may reinstate prior service of six months or more by paying back to NHRS his/her previously refunded accumulated contributions plus interest since the date of the refund. **Note:** Several provisions of RSA 100-A are different for members who commenced NHRS-covered service on or after July 1, 2011. If a terminated member hired prior to July 1, 2011, withdraws his/her accumulated contributions, but later returns to active service and purchases prior withdrawn service, the member's effective date of hire for NHRS purposes will be the date the member returns to NHRS-covered employment.

## **Pension-Eligible Members**

### **Can I begin collecting my pension benefit now?**

*Group I (Employee and Teacher) members who commenced NHRS-covered service prior to July 1, 2011:*

- Members are eligible for Service Retirement at age 60, regardless of their years of service.
- Members ages 50-59 with at least 10 years of creditable service in Group I are eligible for Early Retirement at a permanently reduced pension benefit.
- Members with more than 20 years of creditable service in Group I whose service time and age are equal to or greater than 70 are also eligible for Early Retirement at a permanently reduced pension benefit.

*Group I (Employee and Teacher) members who commenced NHRS-covered service on or after July 1, 2011:*

- Members are eligible for Service Retirement at age 65, regardless of their years of service.
- Members age 60 and older with at least 30 years of creditable service in Group I are eligible for Early Retirement at a permanently reduced pension benefit.

*Group II (Police and Fire) members vested prior to January 1, 2012:*

- Members are eligible for Service Retirement at age 60, regardless of their years of service, or at age 45 with 20 years of creditable service.

*Group II (Police and Fire) members not vested prior to January 1, 2012:*

- Members are eligible for Service Retirement at age 60, regardless of their years of service, or at the time when the member would have attained both the minimum age and minimum service requirements contained in RSA 100-A:5, II (d). For more information, see: <https://www.nhrs.org/members/benefits/service-retirement/g-ii-non-vested-1-1-12>

### **When do members eligible for Service Retirement or Early Retirement need to file their application with NHRS?**

By law, members must file an application for retirement with NHRS no more than 90 days or fewer than 30 days before their effective date of retirement, which for NHRS

purposes is always the first of a month following the member's termination of NHRS-covered employment. Members must file their retirement application with NHRS while they are still actively contributing members of NHRS. Members who change their decision about retirement after filing for benefits must contact NHRS in writing before their effective date of retirement to change their retirement date or to withdraw their application.

### **What happens if a vested member is unable, or not yet eligible, to file a retirement application with NHRS before their employment is terminated?**

If a vested member's active NHRS membership ends before the member can file a retirement application, the member will be considered in Vested Deferred status.

### **I am in Vested Deferred status. When can I begin receiving my pension benefit?**

*Group I (Employee and Teacher):*

- With at least 10 years of creditable service, a Group I member who commenced NHRS-covered service prior to July 1, 2011, may terminate NHRS-covered employment at any age and be entitled to receive a pension commencing at age 60, or an early, permanently reduced pension commencing between the ages of 50 and 59.
- With at least 10 years of creditable service, a Group I member who commenced NHRS-covered service on or after July 1, 2011, may terminate NHRS-covered employment at any age and be entitled to receive a pension commencing at age 65.
- With at least 30 years of creditable service, a Group I member who commenced NHRS-covered service on or after July 1, 2011, may terminate NHRS-covered employment at any age and be entitled to an early, permanently reduced pension commencing at age 60.

*Group II (Police and Fire):*

- With at least 10 years of creditable service, a Group II member who was in vested status prior to January 1, 2012, may terminate NHRS-covered employment and be entitled to receive a pension commencing at age 60, or at the time when the member would have completed 20 years of creditable service, but not before age 45.
- With at least 10 years of creditable service, a Group II member who was not in vested status prior to January 1, 2012, may terminate NHRS-covered employment and be entitled to receive a pension commencing at age 60, or at the time when the member would have attained both the minimum age and minimum service requirements contained in RSA 100-A:5, II (d).

### **Are members able to work once they have retired?**

When members retire and receive a Service, Early, or Vested Deferred Retirement pension from the retirement system, any compensation they earn from employment in a position that is not an NHRS-covered position will not affect their pension.

If retirees return to work in an NHRS-covered position, they will be restored to NHRS active service. Part-time employment for an NHRS participating employer is subject to the provisions of RSA 100-A:1, XXXIV. For more information, see: <https://www.nhrs.org/faqs/faq-part-time-employment>

Disability Retirement benefits are subject to gainful occupation offsets regardless of where the retirees work. Generally, if a retiree works full-time for a NHRS participating employer their Disability Retirement benefits stops.

Retirees are encouraged to contact NHRS before accepting any employment with an NHRS participating employer or to learn more about gainful occupation.

## **Required Minimum Distribution (RMD)**

The Internal Revenue Service (IRS) generally requires that a participant in an employer-sponsored retirement plan – including NHRS – must take a Required Minimum Distribution (RMD) from that plan. This must be done by April 1 of the calendar year following the year in which you attain 70 ½ years of age or by April 1 following the year in which you retire, whichever is later. If you are 70 ½ years of age and still working for an NHRS-participating employer through Dec. 31 you are not required to take an RMD. When you leave employment, you will be required to take an RMD, or you may be subject to a 50 percent penalty by the IRS due to a late distribution.

Visit the IRS website at <http://www.irs.gov/Retirement-Plans/Retirement-Plans-FAQs-regarding-Required-Minimum-Distributions> for a list of frequently asked questions (FAQs) regarding RMDs.

The New Hampshire Retirement System (NHRS) is governed by New Hampshire RSA 100-A, the rules and regulations promulgated by the NHRS Board of Trustees, 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 in this publication. This publication 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 this publication and the laws, rules and regulations which govern NHRS, the laws, rules and regulations shall prevail.