

**NOTE:** These minutes of the March 7, 2013 Benefits Committee meeting were approved at the March 28, 2013 Committee meeting.

**Benefits Committee  
Board of Trustees  
March 7, 2013**

**Public Minutes**

**New Hampshire Retirement System  
54 Regional Drive  
Concord, NH 03301**

*Committee Members:* Kate McGovern, Ph.D., *Chair*; David McCrillis; and George Walker. Don Roy; Jack Wozmak, *absent*.

*Staff:* George Lagos, *Executive Director*; Tim Crutchfield, Esq., *Chief Legal Counsel*; Larry Johansen, *Director of Investments*; Nancy Miller, *Director of Member Services*; Denise Call, *Director of Employer Services*; Carolyn Johnson, *Hearings Examiner*; Kathy DeNutte, *Employer Services Team Lead*; Chris Stoddard, *Retiree Services Team Lead*; Shannan Hudgins, *Administrative Coordinator*.

Chair McGovern called the Committee meeting to order at 9:05 a.m. and requested a motion to approve the public and non-public minutes of the January 25, 2013, meeting. Moved by Trustee McCrillis, and seconded by Trustee Walker, the minutes were approved unanimously.

Chair McGovern asked Staff to discuss the additional contributions memorandum from Tim Crutchfield, *Chief Legal Counsel*. Larry Johansen, *Director of Investments*, explained that the actuarial calculation was based on the assumed rate of return (ARR) as set by the Board of Trustees at 7.75%, less 2% as dictated by 2011 HB2 statute, the annual interest rate on additional contribution calculations would be 5.75% for all following years until and unless the Board changed the ARR.

Chair McGovern then requested an update on actuarial option factors. Mr. Johansen explained that the five-year experience study by NHRS consulting actuaries Gabriel Roeder Smith & Company (GRS) resulted in the Board of Trustees adopting new actuarial assumptions in May 2011. These new actuarial assumptions required the calculation of actuarial factors for the optional forms of benefits selected by members at retirement. That process is underway and staff will provide a complete

overview at the next Benefits Committee in order for the Benefits Committee to make a recommendation to the Board for the adoption of these new actuarial factors. These actuarial factors reduce the maximum retirement benefit to provide the continuing benefit to the beneficiary of the retired member.

Chair McGovern stated she would entertain a motion to enter into non-public session under RSA 91-A:3, II(c) to discuss a disability application. Moved by Trustee Walker and seconded by Trustee McCrillis, the motion passed unanimously on a roll call vote, as follows:

*Ayes:* Trustees McGovern, McCrillis, and Walker.

*Nays:* None.

On a motion by Trustee McCrillis, seconded by Trustee Walker, the Committee unanimously voted to conclude the non-public session.

On a motion by Trustee Walker, seconded by Trustee McCrillis, the Committee unanimously voted to recommend that the Board approve the recommendation of the Hearings Examiner in the matter of R.G.

The Committee reviewed the combined town clerk-town administrator positions matter that originated from an administrative decision recently rendered by the NHRS. Atty. Crutchfield explained the pertinent parts of RSA 100-A and RSA 41:45-a involved in the decision, as well as the discussions held with the state representative who contacted the system regarding this issue. Following a discussion that included the equitable elements at issue, a provision for retroactive enactment, and careful expression of Board intent, on a motion by Trustee McCrillis, seconded by Trustee Walker, the Committee unanimously voted to provide suggested wording for remedial legislation to the full Board for its consideration at the March 12, 2013, meeting.

In response to Chair McGovern's assessment of the high hurdle inherent in Ret. Rule 309.01(f) regarding the reexamination of disability retirees, Atty. Crutchfield presented the procedural difficulties before NHRS in creating and establishing a standard disability review. The issues included: the mechanism to determine continued disability eligibility; determination of the annuity eligible for discontinuance; removal of the open job component in the rule; potential tax consequences; and, service eligibility depending upon recipient's age. He stated that the annual Gainful Occupation Questionnaire was the primary instrument the system had to initiate a disability review, and the statute did not provide straightforward guidance for either review or enforcement of a benefit-reducing conclusion. Mr. Lagos added that NHRS had no history of

disability review, and that the impetus for a rule revision was fraud prevention.

Mr. Lagos addressed the call firefighter provision in RSA 100-A:19, noting that very few members of the state-wide volunteer fire forces knew of the program. In discussing the complicated issues, he stated that there are currently two beneficiaries receiving the annual \$1,250 benefit: a disabled firefighter and a surviving spouse. The annual dues of \$6 per person currently cover the cost of these two payments, but he emphasized that one new claim would create a potential funding problem. Additional difficulties include accurate reconciliation of the funds and an appropriately crafted legislative correction that would be both well-defended and presented a solid solution. Mr. Lagos confirmed he and Atty. Crutchfield would continue their research and apprise the Committee of their progress.

On a motion by Trustee Walker, seconded by Trustee McCrillis, the Committee unanimously voted to enter into non-public session under RSA 91-A:3, II(e) to discuss current legal action with Belknap County on a roll-call vote, as follows:

*Ayes:* Trustees McGovern, McCrillis, and Walker.

*Nays:* None.

On a motion by Trustee McCrillis, seconded by Trustee Walker, the Committee unanimously voted to conclude the non-public session.

On a motion by Trustee McCrillis, seconded by Trustee McGovern, the Committee unanimously voted to seal the minutes of the non-public session.

Following a brief review of the upcoming Board meeting, on a motion by Trustee Walker, seconded by Trustee McCrillis, the Committee unanimously voted to adjourn at approximately 10:31 a.m.

*Respectfully submitted,*  
*Shannan Hudgins*