



# NHRS

New Hampshire Retirement System

## Employer Reporting and Payment Penalties

The integrity of the data that NHRS receives from employers is crucial to its ability to effectively administer retirement benefits. Without timely and accurate payroll information and payment of contributions, the retirement system cannot post member interest, issue refunds to terminated members, or correctly calculate or finalize pensions for recent retirees.

NHRS is authorized to assess employer penalties for monthly payroll reporting files that are not free of exceptions and posted to the NHRS Data Reporting System (DRS) by the 15th of the month.

NHRS is also authorized to assess employer penalties for member and employer contribution payments that are not accurately remitted to the retirement system by the 25th of the month.

Both penalties are assessed as interest on the amount of monthly employer contributions due at the rate of one percent (1%) for each month or fraction thereof that the data or payment issues remain uncorrected. Employers may request a waiver of any penalties in writing.

### Data Reporting

Employers will receive an interest penalty assessment notice for files that are not free of exceptions and posted by the monthly due date. This means that any file exceptions must be cleared by the 15th so the file can be posted.

To aid employers with clearing exceptions, the retirement system has provided written instructions on how to correct the most common file exceptions. To view these instructions, see our Employer Resources page:

<https://www.nhrs.org/employers/employer-resources>

### Submission of Payments

Payments submitted to NHRS are subject to a penalty if the payment is not received by the 25th of the month. NHRS does not consider the postmark date as the receipt date when determining if a payment is late. Employers should assure that payment is actually received by NHRS no later than the 25th of each month.

NHRS accepts payments by ACH and encourages all employers to make their contribution payments using this method, which is the most secure and timely payment option available. See below for more information on ACH.

Note: Previously, payments were due on the 15th of the month along with data reporting files. The payment due date was extended beginning in 2019 to give employers more time to submit accurate payments once their data reporting file has been accepted and any reporting errors have been addressed.

### Frequently Asked Questions

**The administrative rule (Ret 303.01 and included below) says reporting and payments are due by the 15<sup>th</sup> and 25<sup>th</sup> of each month, respectively. How is the due date impacted if the 15<sup>th</sup> or 25<sup>th</sup> falls on a weekend or holiday?**

If either deadline falls on a weekend or holiday, the file must be posted, or payment received, no later than the first business day following the weekend or holiday. Please note: The 15th is the due date to submit files to NHRS, however, employers may submit their file any time after the last pay date in the previous month up until the due date. If using ACH, contribution payments can be scheduled in advance to post on the 25th.

### Can employers appeal penalty assessments?

Yes. RSA 100-A:16, V, states that, "For reasonable cause, the board may abate all or any part of the interest." The administrative rule cited above further clarifies that a penalty cannot be abated without "showing that the employer had not willfully, intentionally, through gross negligence or through a pattern of negligence failed to timely remit contributions." Note that while one-time instances of oversight related to items such as staffing issues or data-entry mistakes may be abated, repeated requests for a waiver based on the same circumstances would constitute "a pattern of negligence."

## What is ACH and how can it benefit me as an employer?

Automated Clearing House (ACH) is an electronic network for financial transactions. ACH credit transfers include direct deposit, payroll and vendor payments. ACH is the quickest, safest, and most cost-effective way to send payments to NHRS. Benefits to the employer include:

- Cost savings by not printing and mailing checks. (Saving on check stock, MICR toner, postage and labor.)
- Better cash management – a pre-established effective date determines when the payment leaves your bank and that the funds are remitted to NHRS the same day.
- ACH payments are more secure than checks, eliminate potential mail delivery issues and can be tracked more efficiently.
- ACH payments do not require humans to read digits and/or OCR software to electronically read handwriting, which results in a lower error rates.
- There is less opportunity for fraud with an ACH payment because bank account and ABA number are entered into a secure system and encrypted.

Please contact Kelly McGarr at (603) 410-3652 if you would like ACH setup instructions.

### Additional Background

#### RSA 100-A:16, V:

Notwithstanding any other provision of law any member contributions deducted by an employer, or any employer assessments or contributions not remitted or that cannot be processed at the times designated by the board of trustees due to data reporting errors, shall be subject to interest on the amount due at the rate of one percent for each month or fraction thereof that they remain unpaid. For reasonable cause, the board may abate all or any part of the interest.

#### NH Administrative Rule Ret 303.01:

(a) All member/employer contributions shall be remitted to the New Hampshire retirement system monthly in accordance with Ret 307.06. Remittance reports shall be due in the NHRS by the 15<sup>th</sup> of the month for the previous month's contributions. Payments shall be due in the NHRS by the 25<sup>th</sup> of the month for the previous month's contributions. Any member/employer payments not timely or accurately remitted shall be assessed interest as provided in (b), below.

(b) An interest penalty of one percent for each month or fraction thereof that contributions are not timely or accurately remitted shall be assessed against the delinquent employer. In computing interest under this paragraph and under RSA 100-A:16, V, a fraction of a month shall be computed as a full month.



**NH RETIREMENT SYSTEM, 54 REGIONAL DRIVE, CONCORD, NH 03301**  
**PHONE: (603) 410-3500; WWW.NHRS.ORG**

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