

Note: These minutes from the December 14, 2021, Legislative Committee meeting were approved at the April 12, 2022, Legislative Committee meeting.

**NHRS Legislative Committee of the Board of Trustees
December 14, 2021
PUBLIC MINUTES**

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

Committee Members participating: Trustees Scott Myers, Chair, Sue Hannan, Scott Christensen, Andrew Martineau, Ken Merrifield.

Trustee attending: Germano Martins.

Staff: Tim Crutchfield, *Deputy Director and Chief Legal Counsel;* Marty Karlon, *Director of Communication and Legislative Affairs* (via videoconference); Mark Cavanaugh, *Associate Counsel and Compliance Officer* (via videoconference); Gerard Murphy, *Director of Finance* (via videoconference); Larry Johansen, *Director of Investments* (via videoconference); Nancy Miller, *Director of Member Services* (via videoconference); Diana Crichton, *Hearings Examiner* (via videoconference).

Chair Myers called the meeting to order at 11:33 a.m. Having established a quorum, Chair Myers called for a motion to accept the Committee minutes of August 10, 2021. On a motion by Trustee Hannan, seconded by Trustee Christensen, the Committee unanimously voted to approve the minutes, as presented. Trustees Martineau and Merrifield abstained.

Chair Myers opened discussion, noting that there were 12 LSRs related to the retirement system, several of which have been assigned bill numbers, which means their texts are public. He asked Mr. Karlon to go through the proposals.

Mr. Karlon began with a status update on three 2021 bills that had been retained in committee:

- House Bill 536, which eliminates the retirement system offset for workers' compensation benefits applicable to Group I accidental death benefit annuities, will be going to the House in 2022 with a unanimous ought to pass recommendation from the House Finance Committee. Mr. Karlon said because Group I in-service deaths are

rare, the legislation would have a limited impact on NHRS operations.

- House Bill 619, which moved police and fire dispatchers to Group II, will be going to the House in 2022 with a unanimous inexpedient to legislate recommendation from the House ED&A Committee.
- The Senate ED&A Committee was reviewing Senate Bill 153, which created a new type of Group II disability benefit for “violent injuries” this morning concurrent with today’s Legislative Committee meeting.

Mr. Karlon then described the 2022 proposals, starting with those that have been assigned bill numbers.

- House Bill 1079 would increase the allowable hours worked for all NHRS retirees working for participating employers to 1,664 per year and eliminate the 28-day separation from service requirement. Mr. Crutchfield noted that the IRS requires a “bona fide” separation from service for people retiring and returning to work for the same employer.
- House Bill 1257 would require the retirement system and state treasury to divest from direct investments in companies located in China. Mr. Johansen said that the Independent Investment Committee (IIC) would be discussing this legislation at its December 17 meeting and could vote to recommend that the Board oppose this legislation on fiduciary grounds.
- House Bill 1318 is language requested by the Board that would allow NHRS to assess financial penalties for employer noncompliance with data submission requirements.
- House Bill 1417 would restore a 7.5% state subsidy for local employer contributions for teachers, police and fire members. Trustee Myers noted that this legislation has been introduced several times in recent years with varying subsidy percentages.
- House Bill 1497 would allow members to designate a pre-selection beneficiary at any point in their careers. Mr. Karlon said that designation would not be effective until a member attained eligibility for Service Retirement.
- House Bill 1535 would grant a 2022 cost of living adjustment for certain retirees and give the Board the discretion to grant subsequent increases. Trustee Myers noted that the projected fiscal year 2024 cost of approximately \$136 million was unlikely to be supported by the Legislature. Mr. Karlon added that the Legislature was also unlikely to support giving an unelected body (the NHRS Board) the discretion to grant COLAs when the only current means of funding them is through increased employer contributions.
- House Bill 1549 would not count special duty hours worked by retired police members against the annual limits on hours worked.

- House Bill 1557 would change the window in which new retirees may change their survivorship benefit options to 120 days after they receive initial notice of their final benefit amounts.

Trustee Myers noted that some proposals have not yet been assigned bill numbers and the language is not yet public.

Mr. Karlon said the title of Legislative Service Request (LSR) 2540 HB is “relative to municipalities withdrawing from the state retirement system,” and that there is already a statutory withdrawal procedure, and related Board policy, for employers with Group I employees to withdraw if all unfunded liabilities associated with the employer are paid in advance. He noted that if this proposal does not allow NHRS to continue to capture these unfunded liabilities, they would be shifted to the other participating employers. He said that if this is the case, the Board could potentially oppose the proposal on fiduciary grounds.

Mr. Karlon said there were two LSRs specific to the Group II police and fire members not vested prior to January 1, 2012. LSR 2657 would change the average final compensation calculation for these members. The wording of LSR 2868 is “relative to service credit for certain group II retirement eligibility.”

Finally, LSR 2983 would modify the benefit recalculation that Group I members experience at age 65. Mr. Karlon said the text of the bill was not yet available, but he expected the legislation to mirror previous unsuccessful attempts to modify this calculation.

With no further business to discuss, on a motion by Trustee Hannan, seconded by Trustee Christensen, the Committee unanimously voted to adjourn the meeting.

Respectfully submitted,

Marty Karlon,
Director of Communication and Legislative Affairs