
New Hampshire Retirement System

A Fiduciary Component Unit of The State Of New Hampshire

HERE TODAY FOR



YOUR TOMORROW

**Summary Annual Comprehensive Financial Report
For The Fiscal Year Ended
June 30, 2024**



**Our Mission: To provide secure
retirement benefits and superior service**

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Mission, Vision, and Values

The New Hampshire Retirement System plays an important role in the long-term economic well-being of the state's public employees, teachers, police officers, and firefighters. NHRS strives to meet this responsibility through a commitment to our mission, vision, and values.

OUR MISSION

To provide secure retirement benefits and superior service.

OUR VISION

NHRS will fulfill our role as fiduciary of the trust and deliver retirement benefits to our members and beneficiaries through a commitment to value, innovation and excellence.

OUR VALUES

Security – Providing promised benefits and guarding the confidentiality of personal information.

Excellence – Striving to exceed expectations through innovation, accountability, and teamwork.

Respect – By recognizing the uniqueness and importance of our stakeholders, our co-workers, and ourselves, we foster collaboration and cooperation.

Value – Committing to be a trusted and effective fiduciary by always acting in the best interest of our membership.

Integrity – Acting in an ethical, honest, and professional manner in all our interactions.

Communication – Providing responsive, accurate, and timely information to our stakeholders.

Empathy – Being aware of the feelings of others and how our actions affect them enables us to be responsive to the needs of all we encounter.



NH Retirement System Board of Trustees

The members of the New Hampshire Retirement System Board of Trustees are appointed and serve pursuant to RSA 100-A:14.

Public Members

Maureen Kelliher, Chair
Robert Maloney
Paul Provost
Vacant

Employee Members

Sue Hannan, Teacher
Joshua Quigley, Police
Andrew Martineau, Fire
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Employer Members

Jason Henry, NH Association of Counties
Ken Merrifield, State of New Hampshire
Jon Frederick, NH Municipal Assoc.
Donald M. Roy, NH School Boards Assoc.

Ex Officio Member

Monica Mezzapelle, State Treasurer

Independent Investment Committee

The members of the New Hampshire Retirement System Independent Investment Committee are appointed and serve pursuant to RSA 100-A:14-b.

Christine Clinton, Chair
Maureen Kelliher
Michael McMahon
Paul Provost
Brian Bickford
Vacant

Executive Director

Jan Goodwin

About this report

The New Hampshire Retirement System (NHRS, the retirement system) is pleased to present the Summary Annual Comprehensive Financial Report (“Summary ACFR”) for the fiscal year ended June 30, 2024. This report is presented in conformity with Generally Accepted Accounting Principles and is intended to provide an overview of NHRS financial, investment, funding, accounting, and demographic information in an easy-to-understand format.

About NHRS

NHRS was established in 1967 as a contributory, defined benefit plan. The plan provides lifetime pension benefits that are determined at retirement under formulas prescribed by law; the pension benefit is not calculated based on investment returns or contributions.

The retirement system provides service retirement, early retirement, disability retirement, and vested deferred retirement benefits, as well as pre- and post-retirement death benefits. It also provides eligible retirees and beneficiaries with other post-employment benefits (OPEB). This benefit consists of a post-retirement Medical Subsidy, which is a payment made by NHRS to an eligible retired member’s former employer toward the cost of the retired member’s health insurance premium.

Benefit formulas and eligibility requirements are set by state law (RSA 100-A). The retirement system is also governed by administrative rules and policies adopted by the Board of Trustees, and the Internal Revenue Code.

Retirement system members are state, county and municipal employees, teachers, police officers, and firefighters. The membership consists of two groups, Group I (Employee and Teacher) and Group II (Police and Fire).

NHRS has 48,989 active, contributing members. Group I members make up 88 percent of the total active membership. Group II members make up 12 percent of the total active membership.

The retirement system has 45,330 benefit recipients and 8,743 retirees and/or beneficiaries receiving a post-retirement Medical Subsidy.

Benefits are funded by member contributions, employer contributions, and net investment returns. Investment returns have historically provided the majority of funding for pension benefits.

NHRS has 468 active, participating employers – the State of New Hampshire, counties, individual communities, school districts, and others. Not every political subdivision participates in the retirement system for its employees, although most do. Participation is mandatory for police, fire, and teacher employers.

Learn more

The information included in this report is taken from the retirement system’s more detailed Annual Comprehensive Financial Report (ACFR), which is prepared in accordance with Generally Accepted Accounting Principles. Copies of the ACFR, the Summary ACFR, and the NHRS Comprehensive Annual Investment Report (CAIR) may be viewed or downloaded at www.nhrs.org.

The year in review...

Financial Highlights

Net position increased by \$830.9 million (7.2%) from the prior year's net position due to strong equity markets driven by advancements in Artificial Intelligence, positive corporate earnings, and economic growth expectations slowing but remaining resilient as companies continued to hire at a robust pace. In addition, fixed-income investments benefited from yield curve positioning as well as active credit management during a period of easing inflation concerns in the second half of the fiscal year. Net investment gain during fiscal year 2024 was \$993.7 million, a \$139.6 million (16.3%) increase over the prior fiscal year. The net investment gain for fiscal year 2024 reflects a time-weighted return for the total fund during the year of 8.8% compared to a time-weighted investment return of 8.2% for the fiscal year ended June 30, 2023.

The total contributions received during the fiscal year were \$917.4 million. For fiscal year 2023, total contributions received were \$953.4 million.

Employer contributions for fiscal year 2024 decreased 0.5%, to \$641.8 million, compared with employer contributions in fiscal year 2023 of \$645.0 million. The decrease in employer contributions in fiscal year 2024 was primarily due to a decrease in employer rates partially offset by increased employer wages. The decrease in other contributions in fiscal year 2024 was primarily due to the terminal funding of two changes approved by the Legislature in fiscal year 2024 and funded with General Funds from the State of New Hampshire.

Member contributions were \$268.5 million in fiscal year 2024, an increase of 5.4% over fiscal year 2023 member contributions of \$254.7 million. The increase in member contributions is primarily due to an increase in earnable compensation reported for contributing members.

Benefits paid during fiscal year 2024 were \$1.04 million, an increase of 2.7% over benefits paid in fiscal year 2023 of \$1.01 million. The increase in benefits paid in fiscal year 2024 is primarily due to an increase in the number of retirees and increased average benefit levels for those new retirees, as well as a \$500 one-time disbursement to certain retirees that met eligibility requirements.

Legislative Changes

Legislation was enacted in the 2024 session which:

- Made a one-time supplemental allowance of \$500 in fiscal year 2025 to accidental disability benefit retirees – or their beneficiaries receiving a monthly survivor benefit – who retired on or before July 1, 2018, and who have an annual pension benefit of \$50,000 or less.
- Established a new retirement system disability benefit for Group II (Police and Fire) members injured in the line of duty due to a purposeful, violent attack by means of a deadly weapon.
- Increased the benefit multiplier for Group II, Tier B members to 2.5% for all years after the first 15 years of Group II service for members who retire under service or ordinary disability retirement on or after July 1, 2024. The first 15 years of Group II service will continue to accrue a multiplier of 2.4% to 2.1%, depending on how many years of service the member had on January 1, 2012.

Major Initiatives

NHRS faces many issues common to other public employee retirement plans. As part of its proactive response to these challenges, the retirement system strives to create a culture of constant improvement. Some of the significant accomplishments during fiscal year 2024 were:

- Transitioned to an updated pension administration system (PAS), which replaced a 20-year-old platform.
- Exceeded \$1 billion in pension benefit payments in FY 2024 for the first time in NHRS' 57-year history.
- Modified the fund's asset allocation, reducing the allocation to global equities from 50% to 40%, increasing the allocation to private credit by 5% and allocating 5% to private infrastructure, a new asset category for NHRS that is expected to reduce volatility and provide steady cash flows. The allocation changes will be phased in, as appropriate, over a multi-year timeframe beginning July 1, 2024.
- Revamped the strategic planning process and developed a three-year strategic plan for FYs 25-27.
- Launched an upgrade of NHRS' member and retiree online portal, *My Account*.
- Issued the June 30, 2023, GASB 68 and 75 reports with unmodified (clean) opinions.
- Recognized by the Government Finance Officers Association for excellence in financial reporting for its 2023 ACFR.
- Implemented statutory changes enacted in 2024 related to member benefits that required significant pension database modifications.
- The Board adopted a Statement of Beliefs and Guiding Principles.

**Condensed Comparative Statements of Fiduciary Net Position:
Combined Pension and OPEB Plans**

(\$ in millions)

The Condensed Statements of Fiduciary Net Position provide a summary of what NHRS owns (assets) and what it owes (liabilities) as of the end of the fiscal year.

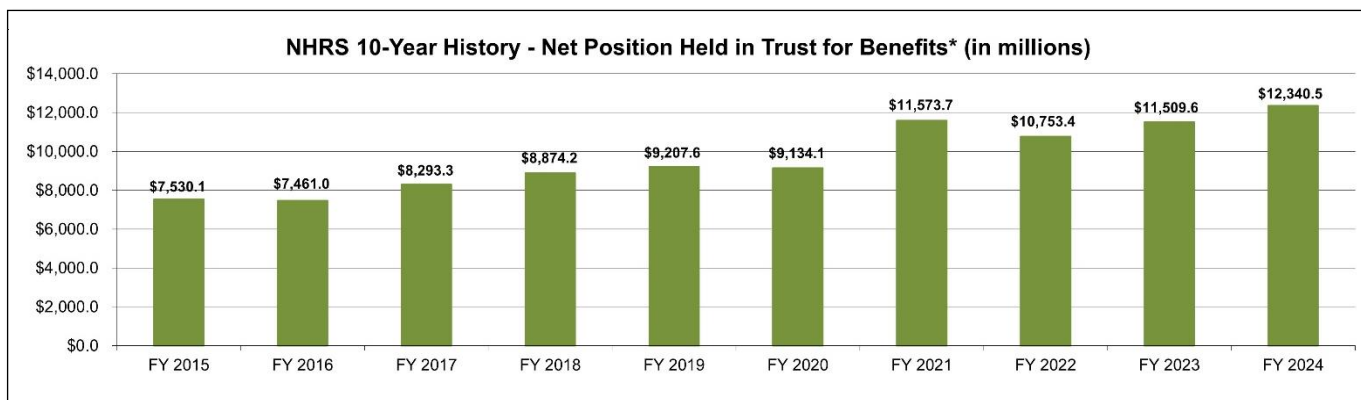
	As of June 30, 2024	As of June 30, 2023	Percent Increase (Increase)	Percent Increase (Decrease)
Cash	\$ 365.0	\$ 254.8	\$ 110.2	43.3%
Receivables	151.0	142.0	9.0	6.3%
Investments	11,852.2	11,146.2	706.0	6.3%
Other Assets	11.4	11.6	(0.2)	(1.7%)
Total Assets	\$12,379.6	\$11,554.6	\$ 825.0	7.1%
Other Liabilities	39.0	45.0	(6.0)	(13.3%)
Total Liabilities	\$ 39.0	\$ 45.0	\$ (6.0)	(13.3%)
Net Position Restricted for Pension and OPEB	\$12,340.6	\$11,509.6	\$ 830.9	7.2%

**Condensed Comparative Statements of Changes in Fiduciary Net Position:
Combined Pension and OPEB Plans**

(\$ in millions)

The Condensed Statements of Changes in Fiduciary Net Position provide a summary of the flow of money into (additions) and out of (deductions) the plan throughout the

	As of June 30, 2024	As of June 30, 2023	Percent Increase (Increase)	Percent Increase (Decrease)
ADDITIONS:				
Employer Contributions	\$ 641.8	\$ 645.0	\$ (3.2)	(0.5%)
Member Contributions	268.5	254.7	13.8	5.4%
Other Contributions	7.1	53.7	(46.6)	(86.8%)
Net Investment Income (Loss)	993.7	854.1	139.6	16.3%
Total Additions to Net Position	\$ 1,911.1	\$ 1,807.5	\$ 103.6	5.7%
DEDUCTIONS:				
Benefits Paid	\$ 1,040.1	\$ 1,012.9	\$ 27.2	2.7%
Refunds of Contributions	25.5	27.4	(1.9)	(6.9%)
Administrative Expense	11.3	9.9	1.4	14.1%
Other Deductions	3.2	1.1	2.1	190.9%
Total Deductions from Net Position	\$ 1,080.1	\$ 1,051.3	\$ 28.8	2.7%
Total Changes in Net Position	\$ 831.0	\$ 756.2	\$ 74.8	9.9%



Investment Performance

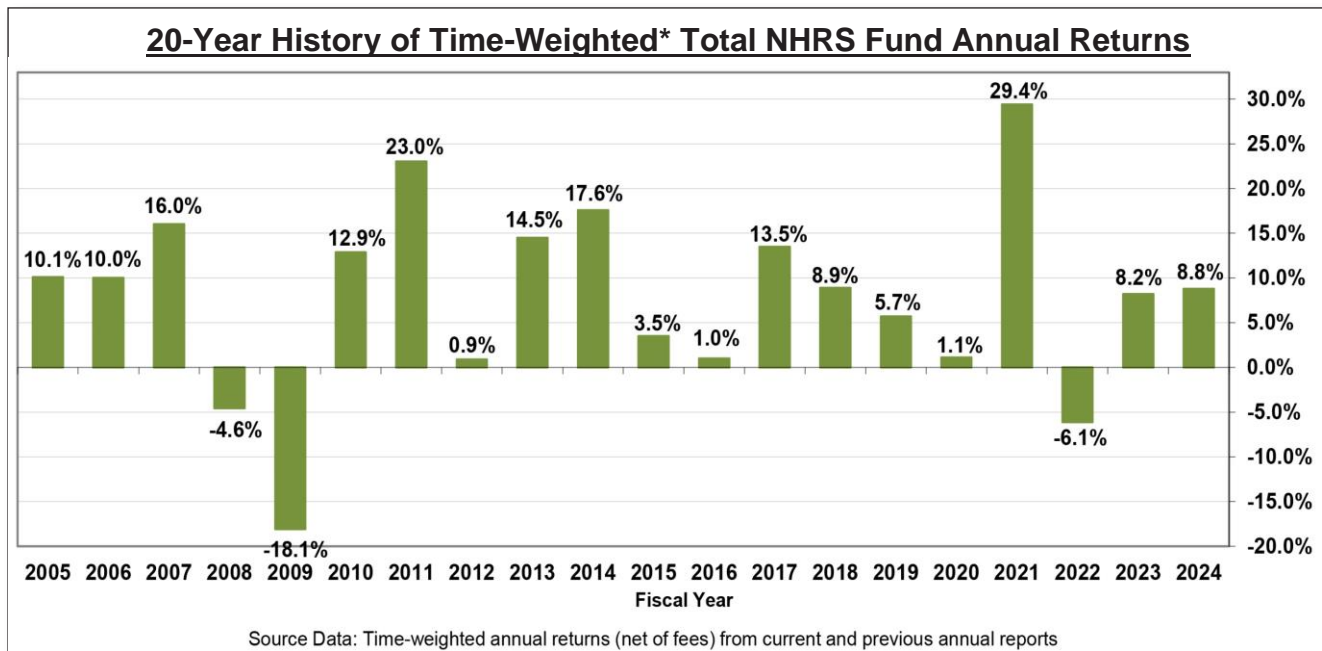
Investment returns are reported net of investment expenses and are measured against a total fund custom index. The total fund custom index (see below) is a blend consisting of major market indices in proportion to the retirement system's asset allocation; this index changes as strategies and objectives evolve over time. The retirement system's assumed rate of investment return is 6.75%.

The results of the plans' investment program for the period ended June 30, 2024, are as follows:

- For fiscal year 2024, the total fund investment return of 8.8% trailed the total fund custom index return of 11.9%. For this period, the individual asset classes generated the following performance: domestic equity 19.0%; non-U.S. equity 11.3%; fixed income 3.5%; real estate -7.2%; and alternative investments 5.2%. All returns are net of fees.
- The three-year, five-year, 10-year, and 25-year returns for the periods ended June 30, 2024, were 3.4%, 7.7%, 7.0%, and 6.3%, respectively. All returns are net of fees.

	Current Year 2024	Annualized		
		3-Year	5-Year	10-Year
Total NHRS Fund	8.8%	3.4%	7.7%	7.0%
Total Fund Custom Index*	11.9%	3.7%	7.7%	7.3%

* For June 30, 2024, the total fund custom index consisted of: 30.0% Russell 3000 (U.S. Equity); 20% MSCI All Country World Ex-U.S. Index (Non-U.S. Equity); 25% Barclays Capital Universal Bond Index (Fixed Income); 10.0% NCREIF NFI-ODCE Index – Net of Fee (Real Estate); and 15.0% Alternative Assets Blended Benchmark* (Alternative Investments). *This benchmark consists of: (1) Two-thirds Russell 3000 +2%; and (2) One-third divided evenly between S&P LSTA Leveraged Loan 100 Index +1% and Bloomberg HY Corporate +1%



Diversification of Investments

An asset allocation is designed to diversify an investment portfolio to minimize risk and maximize performance. The New Hampshire Retirement System Board of Trustees, with research and input from NHRS investment staff, outside experts, and a recommendation from the Independent Investment Committee (IIC), set an investment policy that includes asset allocation targets and acceptable ranges.

The IIC manages investments based on the Trustees' policies; continuously monitors and evaluates performance; and makes determinations regarding the hiring and retention of fund managers.

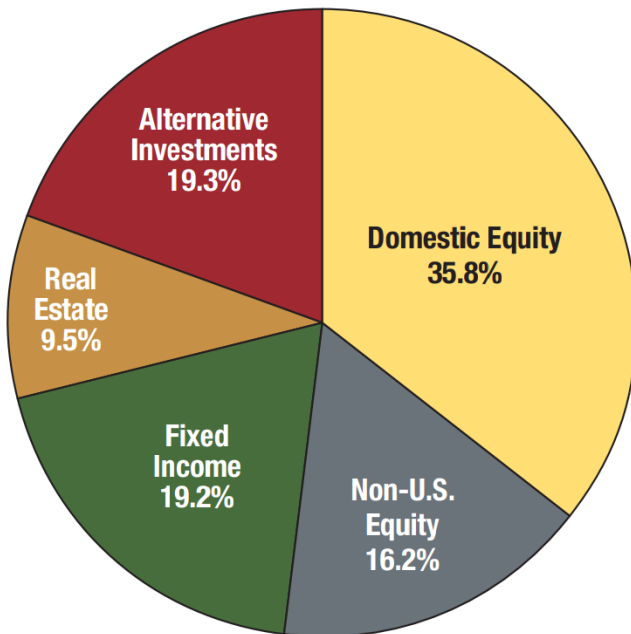
The actual and target asset allocations as of June 30, 2024, for NHRS are shown on the charts below. Domestic Equity is primarily made up of stocks in U.S. companies. Non-U.S. Equity contains stocks of foreign companies. Fixed Income includes bonds and cash with the objectives of providing current income and preserving capital. Real Estate is primarily made up of investments in commingled real estate funds and real estate limited partnerships. Alternative Investments primarily include private equity and private debt limited partnerships that are not traded in the public market.

More detailed information regarding the NHRS investment portfolio can be found in the Annual Comprehensive Financial Report and the Comprehensive Annual Investment Report, which are available at:

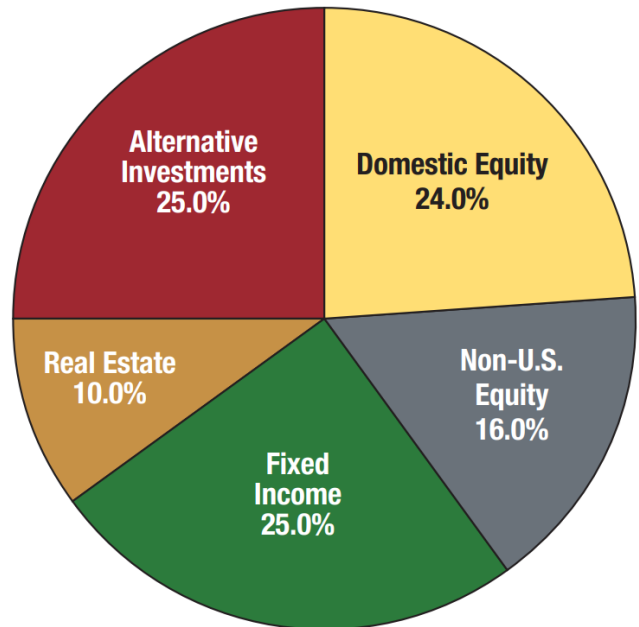
<https://www.nhrs.org/funding-and-investments/reports-valuations>

Actual Asset Allocation Versus Target Asset Allocation

Actual Asset Allocation as of June 30, 2024



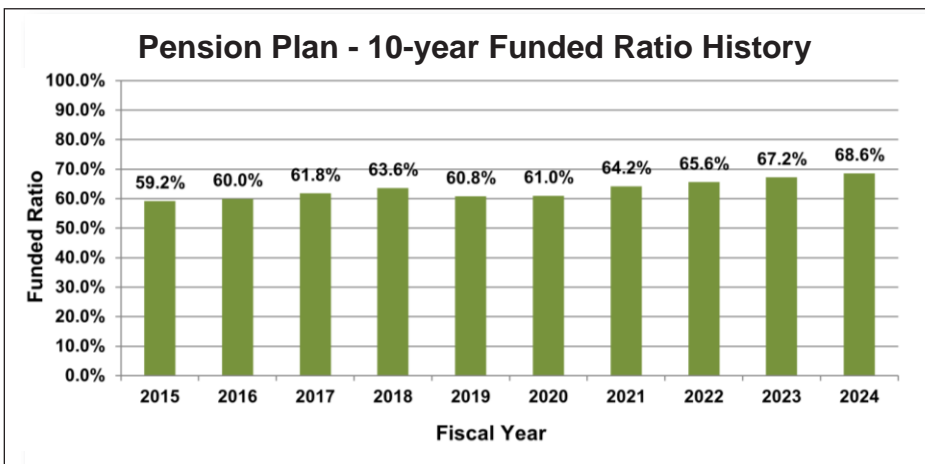
Target Asset Allocation as of June 30, 2024



Actuarial Funding Progress

The primary measure of a benefit plan’s progress is its funded status, or funded ratio, which compares the assets available to the benefits that must be paid in the unlikely event that all members eligible for a benefit retired at the same time, in addition to those beneficiaries already receiving a benefit. As of June 30, 2024, the actuarial funded ratio for the pension plan was 68.6%. This means that the actuarial value of the retirement system’s assets is 68.6% of the projected amount needed to pay for both current retirees and the accrued benefit for future retirees.

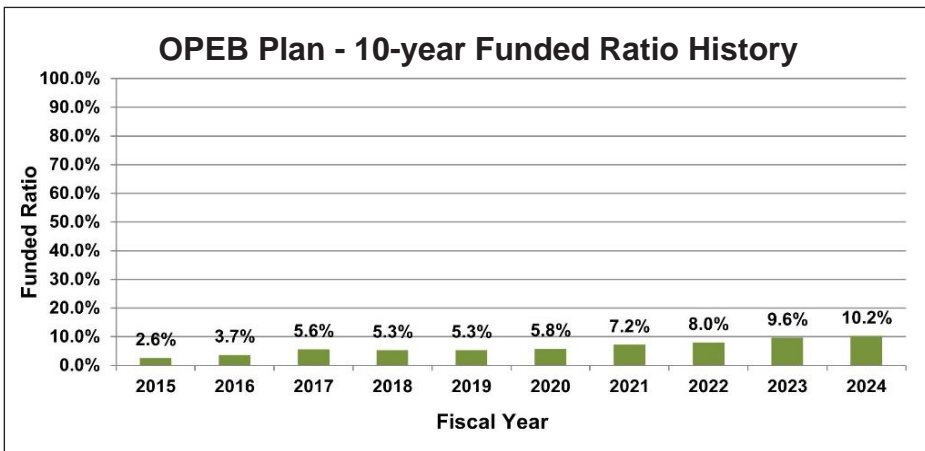
The OPEB plan, more commonly known as the Medical Subsidy, had an actuarial funded ratio at June 30, 2024, of 10.2%. This low funded ratio is because OPEB is funded, pursuant to statute, at the minimum necessary to remain solvent (see note below the OPEB graph). The OPEB benefit covers a retiree population that is fixed and the benefit is no longer available for the majority of current active members.



Note: Funded ratio impacted by reduction to assumed rate of investment return and other adjustments to actuarial assumptions effective in FY 2015 and FY 2019.

Pension Highlights

- The unfunded actuarial accrued liability for the Pension Plan was \$5.6 billion at June 30, 2024.
- The actuarial value of assets available to pay pension benefits was \$12.2 billion at June 30, 2024.
- The actuarial funded ratio of the Pension Plan was 68.6% at June 30, 2024.



Beginning in FY 2010, the OPEB plans have been funded by allocating the lesser of 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided. Since FY 2010, the minimum rate necessary was the lesser of the two options.

OPEB Highlights

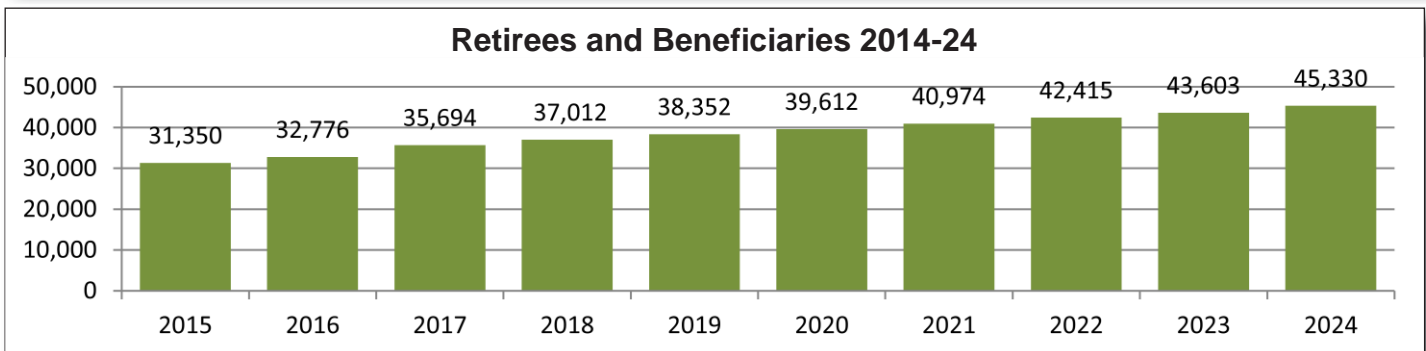
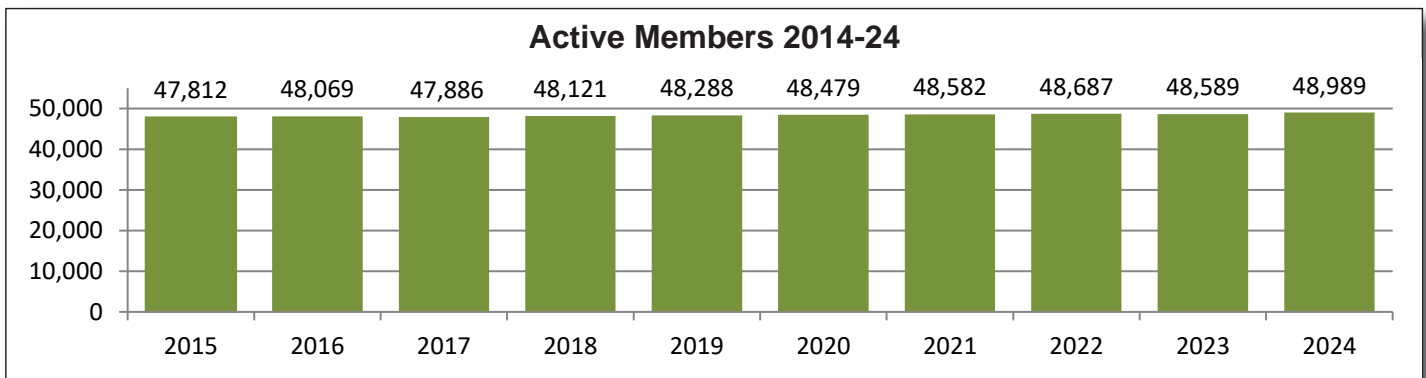
- The unfunded actuarial accrued liability for the OPEB Plan was \$441.7 million at June 30, 2024.
- The actuarial value of assets available to pay OPEB benefits was \$50.3 million at June 30, 2024.
- The actuarial funded ratio of the OPEB Plan was 10.2% at June 30, 2024.

Fiscal Year 2024 Member and Retiree Data

PENSION PLAN	Employee	Teacher	Police	Fire	Total
Active Members					
Average Age	48.0	45.3	38.2	39.7	45.9
Average Service	9.6	12.7	10.0	11.6	10.8
Average Annual Pay	\$61,502	\$71,259	\$94,749	\$94,235	\$69,025
Retired Members					
Average Age	73.1	73.5	65.5	67.6	72.2
Average Annual Pension	\$15,529	\$23,969	\$40,516	\$45,778	\$22,625
Total Membership					
Active	25,402	17,655	4,126	1,806	48,989
Retired	22,043	16,366	4,909	2,012	45,330
Terminated - Vested	1,830	1,427	183	53	3,493

OPEB PLANS (Medical Subsidy)	One-Person Coverage		Two-Person Coverage		
	Number of Retirees	Pre-65	Post-65	Pre-65	Post-65
	8,743	2,566	5,208	559	410

Historical Member and Retiree Data

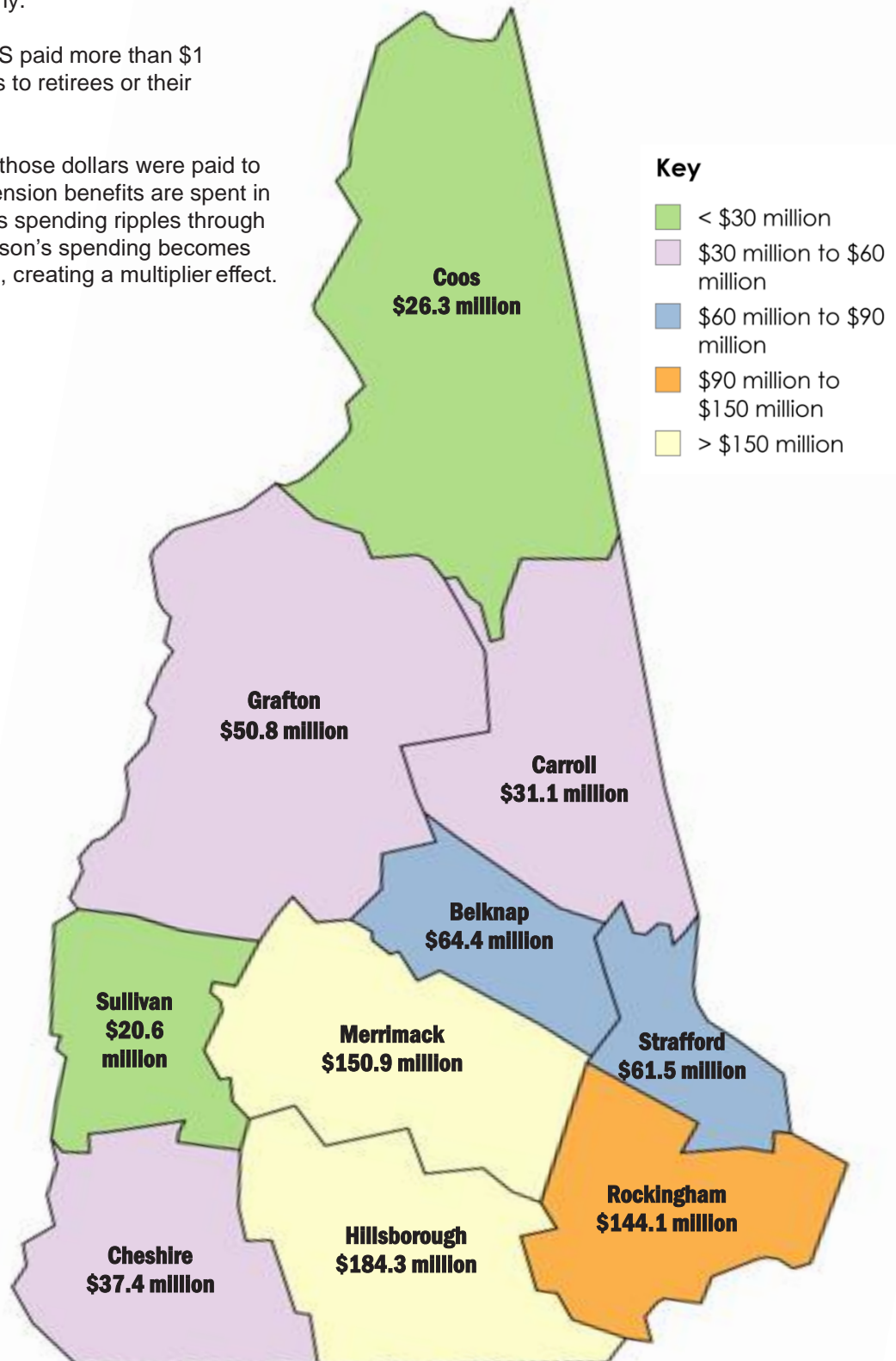


Pension Benefits by NH County

New Hampshire Retirement System benefits help support the state economy.

In fiscal year 2024, NHRS paid more than \$1 billion in pension benefits to retirees or their beneficiaries.

More than 80 percent of those dollars were paid to N.H. residents. These pension benefits are spent in the local community. This spending ripples through the economy, as one person's spending becomes another person's income, creating a multiplier effect.



Financial Accounting Data

In addition to actuarial funding data provided in this Summary report, the retirement system's more detailed Annual Comprehensive Financial Report (ACFR) also includes financial accounting data required under Governmental Accounting Standards Board (GASB) statements No. 67, which deals with financial reporting for pension plans, and No. 74, which deals with financial reporting of OPEB benefits, i.e. the Medical Subsidy.

The GASB information is for accounting purposes only and does not impact employer contribution rates or the statutory funding plan in place to pay down the NHRS unfunded liability.

To view the ACFR, see: <https://www.nhrs.org/funding-and-investments/reports-valuations>

For additional information on GASB reporting, see: <https://www.nhrs.org/employers/employer-resources/gasb>



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Hours of Operation

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