

SB 119-FN - AS INTRODUCED

2021 SESSION

21-1035

08/10

SENATE BILL ***119-FN***

AN ACT relative to the ordinary death benefit in the retirement system.

SPONSORS: Sen. Cavanaugh, Dist 16

COMMITTEE: Finance

ANALYSIS

This bill allows the spouse of a deceased group I or II retirement member to receive benefits for an member who would have been eligible for a service retirement but for his or her death.

Explanation: Matter added to current law appears in ***bold italics***.
 Matter removed from current law appears ~~[in brackets and struckthrough]~~
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT relative to the ordinary death benefit in the retirement system.

Be it Enacted by the Senate and House of Representatives in General Court convened:

- 1 1 Ordinary Death Benefit; Group I and II Members. Amend RSA 100-A:9, II to read as follows:
- 2 II. If the member has at least 10 years combined creditable service [~~or was eligible for~~
- 3 ~~service retirement~~] at the time of the member's death, there shall be payable to the member's
- 4 surviving spouse an allowance, continuing until the spouse's death, equal to 50 percent of the service
- 5 retirement allowance that would have been payable to the member had the member retired
- 6 immediately prior to death, ***or if the member has attained the age and years of creditable***
- 7 ***service to be eligible for a service retirement as defined under RSA 100-A:5, the surviving***
- 8 ***spouse shall receive the maximum benefit that would have been payable to the member had***
- 9 ***the member retired immediately prior to death,*** based on average final compensation and
- 10 creditable service at the time of death. In lieu of an allowance, the surviving spouse may elect a
- 11 lump sum benefit equal to the deceased member's annual earnable compensation, in addition to the
- 12 amount payable under RSA 100-A:11.
- 13 2 Effective Date. This act shall take effect July 1, 2021.

**SB 119-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the ordinary death benefit in the retirement system.

FISCAL IMPACT: ☒ State ☒ County ☒ Local ☐ None

STATE:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$443,000
Funding Source:	<input checked="" type="checkbox"/> General <input type="checkbox"/> Education <input type="checkbox"/> Highway <input type="checkbox"/> Other			

**POLITICAL
SUBDIVISIONS:**

Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$1,348,000

*The New Hampshire Retirement System states it is not able to separate the fiscal impact of this legislation between county and local government, therefore the fiscal impact is shown together as political subdivisions.

METHODOLOGY:

This bill stipulates that if a member of the New Hampshire Retirement System has attained the age and years of creditable service to be eligible for a service retirement as defined under RSA 100-A:5, the surviving spouse shall receive the maximum benefit that would have been payable to the member had the member retired immediately prior to death, compared to the current 50% spousal death benefit,

This supplemental actuarial valuation for the proposed system change was based upon data furnished by NHRS for the June 30, 2019 contribution rate setting actuarial valuation. Actuarial methods and assumptions were the same as those used in the annual actuarial valuation as of June 30, 2019. In particular:

- The assumed rate of interest was 6.75%;
- The valuation method was the Entry Age Actuarial Cost Method; and
- Payroll growth is assumed to be 2.75% per year (2.25% for Teachers).

The New Hampshire Retirement System's actuary determined the following increases:

Employer Pension Rates as a Percent of Payroll - State

	Current 2024-2025 Rates	Impact of Proposal	Proposed 2024-2025 Rates
Employees	13.75%	0.06%	13.81%
Police	30.67%	0.05%	30.72%
Fire	29.78%	0.08%	29.86%
State Total	16.05%	0.06%	16.11%

State Estimated Employer Increase/(Decrease) Due to Proposal		
	FY 2024	FY 2025
Employees	\$390,000	\$401,000
Police	\$49,000	\$50,000
Fire	\$4,000	\$4,000
State Total	\$443,000	\$455,000

Employer Pension Rates as a Percent of Payroll - Political Subdivisions			
	Current 2024-2025 Rates	Impact of Proposal	Proposed 2024-2025 Rates
Employees	13.75%	0.06%	13.81%
Teachers	19.48%	0.05%	19.53%
Police	30.67%	0.05%	30.72%
Fire	29.78%	0.08%	29.86%
Political Subdivisions Total	19.48%	0.05%	19.53%

Political Subdivisions Estimated Employer Increase/(Decrease) Due to Proposal		
	FY 2024	FY 2025
Employees	\$466,000	\$478,000
Teachers	\$635,000	\$649,000
Police	\$130,000	\$134,000
Fire	\$117,000	\$120,000
Political Subdivisions Total	\$1,348,000	\$1,381,000

AGENCIES CONTACTED:

New Hampshire Retirement System