

HB 627-FN – AS INTRODUCED

2013 SESSION

13-0212
10/01

HOUSE BILL **627-FN**

AN ACT requiring unused vacation and sick leave to be converted to service time for purposes of calculating retirement system benefits.

SPONSORS: Rep. D. McGuire, Merr 21; Rep. Pitre, Straf 2; Rep. Jones, Straf 24; Rep. Itse, Rock 10

COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill provides that at retirement the accrued but unused sick and vacation time of a retirement system member shall be converted to hours and applied as additional creditable service.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Thirteen

AN ACT requiring unused vacation and sick leave to be converted to service time for purposes of calculating retirement system benefits.

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

1 1 Definition; Creditable Service. Amend RSA 100-A:1, XVI to read as follows:

2 XVI. "Creditable service" shall mean prior service plus membership service, as provided in
3 RSA 100-A:4, **and any service added to creditable service as provided in RSA 100-A:4, II(b).**

4 2 New Subparagraph; Definition; Earnable Compensation. Amend RSA 100-A:1, XVII by
5 inserting after subparagraph (b) the following new subparagraph:

6 (c) In no instance shall earnable compensation include pay for accrued but unused sick
7 or vacation time paid in the final 12 months of service prior to termination of employment or within
8 120 days after a member's termination of employment.

9 3 Additional Creditable Service at Retirement. Amend RSA 100-A:4, II to read as follows:

10 II.(a) Creditable service at retirement on which the retirement allowance of a member shall
11 be based shall consist of his **or her** membership service since he **or she** became a member or since he
12 **or she** last became a member in the event of a break in membership, and the prior service, if any,
13 which is credited to him under paragraph I.

14 (b) ***In addition to subparagraph (a), whether or not the member actually
15 received any compensation for unused sick or vacation time, and provided that no such
16 compensation is included as earnable compensation under this chapter, the member shall
17 be granted additional creditable service calculated by converting the member's accrued
18 but unused sick and vacation time to service time using the member's employment schedule
19 from which the member retired. Additional creditable service credited under this
20 paragraph shall not be used as creditable service for the purpose of determining service
21 retirement eligibility or for the purpose of eligibility for medical and surgical benefits as a
22 retired employee under RSA 21-I:30, RSA 100-A:52, RSA 100-A:52-a, or RSA 100-A:52-b.***

23 4 Effective Date. This act shall take effect 60 days after its passage.

HB 627-FN - FISCAL NOTE

AN ACT requiring unused vacation and sick leave to be converted to service time for the purpose of calculating retirement system benefits.

FISCAL IMPACT:

The New Hampshire Retirement System states this bill, **as introduced**, will decrease state expenditures by \$2,650,000 in FY 2016 and \$2,750,000 in FY 2017, and decrease county and local expenditures by \$10,000,000 in FY 2016 and \$10,380,000 in FY 2017. This bill will have no fiscal impact on state, county, or local revenue.

METHODOLOGY:

The New Hampshire Retirement System (NHRS) states this bill provides that at retirement member accrued, but unused, sick and vacation time shall be converted to service time and applied as additional creditable service. This creditable service shall not be used for the purpose of determining service retirement eligibility or eligibility for the medical subsidy. Since accrued but unused sick and vacation time are not included as earnable compensation for members not vested prior to January 1, 2012, this bill only impacts members who were vested prior to that date.

The table below shows a decrease in expenditures as a result of this bill according to actuarial estimates. These estimates are based on the relationships of actual to expected final average compensation observed in the July 1, 2005 through June 30, 2010 experience study.

**Expected Employer Expenditure Decrease Due to Proposal
(In Millions)**

Member Classification	FY 2016	FY 2017
Employees:		
State	\$ (1.88)	\$ (1.95)
County & Local	\$ (2.24)	\$ (2.32)
Teachers	\$ (4.32)	\$ (4.49)
Police:		
State	\$ (0.72)	\$ (0.75)
County & Local	\$ (2.07)	\$ (2.15)
Fire:		

State	\$ (0.05)	\$ (0.05)
County & Local	\$ (1.37)	\$ (1.42)
Total:		
State	\$ (2.65)	\$ (2.75)
County & Local	\$ (10.00)	\$ (10.38)
Note: Totals may not add due to rounding		

The actuary states the current employer contribution rates are certified for the biennium and are set through June 30, 2015. Because contribution rates have already been certified for FY 2014 and FY 2015, the actuary has reflected the fiscal impact due to this bill beginning in FY 2016.