

# Senate Finance Committee

*Deb Martone 271-4980*

**HB 1307-FN**, providing a supplemental appropriation for members of the retirement system receiving an accidental disability retirement allowance.

**Hearing Date:** April 23, 2024

**Time Opened:** 2:04 p.m.

**Time Closed:** 2:16 p.m.

**Members of the Committee Present:** Senators Gray, Innis, Bradley, Birdsell, Pearl, D'Allesandro and Rosenwald

**Bill Analysis:** This bill makes a one-time supplemental allowance to members of the retirement system who are receiving an accidental disability retirement allowance, and provides for future supplemental allowances and cost of living adjustments for accidental disability beneficiaries to be granted without regard to years of creditable service.

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**Sponsors:**  
Rep. Damon

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**Who supports the bill:** Representatives C. McGuire and Howard; Arthur Beaudry; Janet Lucas; Brandon Montplaisir; Brian Ryll;

**Who opposes the bill:** Julie Smith

**Who is neutral on the bill:** Marty Karlon

**Summary of testimony presented in support:**

Representative Carol McGuire:

- This bill enables individuals who are retired on a disability retirement to receive the occasional cost of living increases that we grant.
- The last allowance was granted in 2022, and was limited to people who had served for 20 years. Unfortunately, if someone has been injured on the job they might not be able to continue to serve for 20 years. People who are otherwise qualified for that increase didn't get it due to that limitation.
- HB 1307-FN includes the one-time \$500 benefit and changes the cost of living increase to add a disability retiree under RSA 100-A:6 to receive any supplemental granted by the Legislature regardless of how many years of service.
- Senator Birdsell asked about the new piece of legislation she's proposing for those individuals with a violent disability. Would they be included under this

bill? Representative McGuire suggested amending RSA 100-A:6,II(d) to include the new legislation for those disabled by violence.

- Senator Rosenwald noted the \$50,000 pension limit. Representative McGuire indicated it was set at \$30,000. Most people out on accidental disability are in Group II and do not receive Social Security. An allowance of \$50,000 without Social Security is more or less equivalent to \$30,000 plus Social Security. She indicated she is open to amending that number. A Group II individual who doesn't get Social Security has a pension much less than someone who does receive Social Security.

Arthur Beaudry, President, New Hampshire State Permanent Firefighters' Retirement Association:

- HB 1307-FN would grant a stipend to retirees who have been injured in the line of duty. These individuals didn't want to retire; they were forced to retire due to injuries they sustained at work.
- Retirees have received one COLA since July 1, 2010. It was a 1.5 percent cost of living increase based on the member's retirement, capped at \$50,000.
- Over the last decade the cost of living, based on the CPI-U has gone up approximately 20.33 percent, while COLAs granted to Group II police and firefighters over the same period were 1.5 percent. Over the last 20 years the cost of living has gone up approximately 64.53 percent. COLAs granted to Group II police and firefighters over that period were 12.25 percent and 15 percent respectively. That is over 52 percent of a pensioner's buying power that has been eliminated due to inflation and the lack of adequate COLAs.
- In 2022 the \$500 stipend granted went to predominantly Group I individuals. Out of the \$11.6 million cost, Group I individuals received \$10.75 million, 92 percent of the total cost. Of the 23,267 eligible recipients, only 498 Group II fire individuals received the stipend.
- In 2023 the Senate amended a bill that allowed for a Group II COLA benefit to include Group I, and changed the eligibility of the stipend to members earning less than \$30,000. Those changes eliminated a large number of Group II members.
- The average pension for a Group II firefighter is approximately \$45,000; they do not receive Social Security.
- The Social Security Administration has given its members an 8.7 percent increase in 2023 and a 3.2 percent increase this year.
- Under the windfall elimination provision of 1984, if a Group II member were eligible for Social Security their benefit would be reduced by a minimum of 40 percent, and as much as 90 percent depending upon their pension.
- Predominantly, the New Hampshire Retirement System is what Group II members rely on for their retirement income.
- Without COLA adjustments, it will only be a matter of time before pensioners will be forced onto some kind of social service as their pensions will be devoured by inflation.
- Other states such as Maine, Massachusetts and Vermont provide their retirees with a cost of living adjustment.

- Granting a reasonable COLA for Group II retirees will greatly reduce the impact inflation has had on them over the last two decades.
- The stipend offered in this bill is nowhere near what retirees should receive, but it is a step in the right direction.

### **Neutral Information Presented:**

#### Marty Karlon, New Hampshire Retirement System:

- They do not take a position on the bill as it is a policy decision.
- A temporary supplemental allowance (COLA), i.e., one-time payment, would affect approximately 800 accidental disability members or beneficiaries receiving a benefit. It's about a \$400,000 appropriation.
- Senator Birdsell had inquired about SB 134. The \$500 payment in HB 1307-FN actually is limited to anyone who is retired on or before July 1, 2018. The creation of the violent disability benefit in SB 134 has a retroactive look-back-- anyone who retires on or after July 1, 2018. Because of their retirement date, folks who would be retroactively covered wouldn't be subject to the \$500 payment. However, the second part of HB 1307-FN, receiving a COLA regardless of any service requirements, that portion of the bill would probably have to be amended next year with the new SB 134 benefit if it passes.
- Not all of these one-time payments or COLAs have been tied to a number of years of service. It has happened in the past when granted, but there is not always a service requirement included in the legislation.

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Date Hearing Report completed: April 24, 2024