

**Senate Executive Departments and Administration
Committee**
Phil Jasak 271-1403

HB 250-FN, relative to the accidental death benefit payable for a retirement system member.

Hearing Date: April 19, 2023

Members of the Committee Present: Senators Pearl, Carson, Gendreau, Perkins Kwoka and Altschiller

Members of the Committee Absent : None

Bill Analysis: This bill increases the amount of the state retirement annuity payable upon the accidental death of a retirement system member, but which shall not exceed \$85,000. The bill also provides that future accidental death benefits are funded from state general funds.

Sponsors:

Rep. Baroody

Rep. O'Brien

Rep. Goley

Rep. DiSilvestro

Who supports the bill: Brian Hawkins (NEA-NH), Rep. Ben Baroody, Katherine Heck (NHMA), Kathleen Bean, Arthur Beaudry (NHSPFRA).

Who opposes the bill: Rep. Carol McGuire, Curtis Howland, Zephann Wood, James Gardner, Jesse Medeiros.

Who is neutral on the bill: Rep. Dan McGuire, Marty Karlson (NHRS), James Demers (NHPTA)

Summary of testimony presented:

Representative Ben Baroody

- This bill increases the amount of the state retirement annuity payable upon the accidental death of a retirement system member from 50% of their salary to 100%.

Representative Dan McGuire

- The current benefit for an employee of the retirement system who passed away on the job, results in which their beneficiary is allotted a pension of 50% of the individual's salary.

- If a child is the beneficiary they will receive a pension until the age of eighteen. A spouse, sibling, or parent would receive the pension for the rest of their life.
- This bill was introduced on behalf of group II employees.
- Currently 19 widows of group II and 13 widows of group I received this benefit.
- The average benefit under current statute is \$30,000 a year.
- HB 250 introduced a cap of \$85,000.
- This money is not taxable.
- Rep. McGuire referred to line 9 of HB 250. He stated the language of enable compensation was changed to average annual compensation over the past 3 years.
- Line 14-18 stated the state hold responsibility for the cost of this benefit.
- HB 250 concerned a specific way the individual died.
- Rep. McGuire suggested the committee examined the totality of benefits to employees to ensure all cases were covered.
- **Sen. Pearl** asked if the general fund would be impacted from HB 250.
 - o **Rep. D. McGuire** responded no.
- **Sen. Gendreau** asked if this bill specifically dealt with individuals who were accidentally injured on the job.
 - o **Rep. D. McGuire** responded yes. He noted this bill included law enforcement officers killed on the job.
- **Sen. Perkins Kwoka** asked if group II members were eligible for social security benefits, and if that had an effect on their pensions.
 - o **Rep. D. McGuire** responded yes, the pensions of group II individuals tend to be higher. There were significant benefits that group II members received that were separate from social security.
- **Sen. Perkins Kwoka** referred to the fiscal note. She asked if the traditional the amount pulled from the general fund is 1.3 million.
 - o **Rep. D. McGuire** responded yes and that the fiscal note mentioned the general fund because some employees are employed by the state while others are employed by municipalities.
- **Sen. Altschiller** asked if Rep. McGuire suggested that individuals who receive this benefit should be availing themselves of the private life insurance market to subsidize their benefit insurance packet.
 - o **Rep. D. McGuire** clarified that any individual can purchase this benefit for themselves. HB 250 was not the benefit that is generally recommended for individuals.
- **Sen. Altschiller** asked for clarification. She stated that members of group II are awarded a compensation package for taking an extraordinary risk. She believed that the individuals families should be compensated for the loss of their loved on in the line of duty. She asked for clarification on how this bill is comparable to somebody buying a life insurance policy.

- **Rep. D. McGuire** referred to page 2 of the bill, which clarified Sen. Altschiller's question. There are two specific benefits for group II employees which are large lump sum benefits. This bill refers to a pensions, not a sum benefit to compensate for the loss of a loved one. This bill referred to ongoing expenses for the beneficiary.
- **Sen. Carson** asked if Rep. McGuire would object to the language being made stronger. Sen. Carson suggested the bill stated this pension is not retroactive and this bill will affect individuals moving forward.
 - **Rep. D. McGuire** agreed that this bill should be clearer.
- **Sen. Carson** asked if Rep. McGuire thinks there should be a definition section of this bill defining what constitutes an accidental death.
 - **Rep. D. McGuire** agreed. He believed the retirement system provided informational brochures for individuals to research options.
- **Sen. Carson** asked if HB 250 would affect any other benefit an individual may be receiving.
 - **Rep. D. McGuire** stated that the bill was distinct from anything else an individual received. This bill was self-contained.
- **Sen. Gendreau** asked how HB 250 affected union negotiations.
 - **Rep. D. McGuire** was unsure of the answer.

Representative Carol McGuire

- Rep. C. McGuire was unsure why a fifty year old benefit needed to be changed. She believed there was no reason for this benefit to be changed.
- HB 250 mends RSA 100: 8, which referred to accidental death.
- She stated that the workers compensation committee is used to determine is a death is accidental.
- **Sen. Pearl** showed concern to the specific dollar value in the bill. He asked if the cap amount of \$85,000 was insufficient and lead to further problems.
 - **Rep. C. McGuire** responded yes. The reason the benefit has not been adjusted for inflation in the past was due to adjusted salaries. She suggested leaving a capacity number for this bill.

Marty Karlon

- Mr. Karlon presented an overview of death benefits in the state of New Hampshire.
- There are two types of death benefits for active members.
- 100- A8 referred to accidental or job related death. There was no minimum service requirement for an individual killed on the job for their beneficiary to receive a lifetime benefit.
- 100- A9 referred to a non-job related death. A member must have 10 years of service to receive a lifetime benefit for the beneficiary.

- Mr. Karlon referred to previous testimony which described the functions of this bill.
- **Sen. Altschiller** asked if Mr. Karlon was consulted when the \$85,000 lump sum was introduced.
 - o **Mr. Karlon** stated division I finance discussed that amount.

Brian Hawkins

- Mr. Hawkins stated that from the individuals he represented, the sum of \$85,000 would be an adequate number. He did show concern for that number to be a possible issue in the future as salaries increase.
- The average salary for a teacher in New Hampshire was \$60,000 a year.
- **Sen. Carson** expressed concerns for the teachers of the New Hampshire school system. She asked if Mr. Hawkins thinks HB 250 is adequate for group I employees.
 - o **Mr. Hawkins** stated some school districts exceeded the salary of \$85,000. He supported removing or exceeding the cap.

James Demers

- New law enforcement recruits observe every benefit the state has to offer.
- New Hampshire has a recruitment shortage at the state and local level. This bill could provide benefits which attracts individuals to the state of New Hampshire.
- From a recruitment standpoint, it would benefit the state from a law enforcement recruitment standpoint.
- **Sen. Pearl** asked Mr. Demers' opinion on the bill's language change from annul rate to average final compensation.
 - o **Mr. Demers** supported the original bill's language which states one hundred percent of the earnable compensation. He expressed that he did not receive any opposition to that approach.

PJ

Date Hearing Report completed: April 24, 2023