

HB 250-FN - AS AMENDED BY THE HOUSE

6Apr2023... 1045

6Apr2023... 1319h

2023 SESSION

23-0337

10/04

HOUSE BILL

***250-FN***

AN ACT                    relative to the accidental death benefit payable for a retirement system member.

SPONSORS:            Rep. Barody, Hills. 39; Rep. O'Brien, Hills. 10; Rep. Goley, Hills. 21; Rep.  
DiSilvestro, Hills. 17

COMMITTEE:          Executive Departments and Administration

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AMENDED 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.

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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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Twenty Three*

AN ACT relative to the accidental death benefit payable for a retirement system member.

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

1       1 Retirement System; Accidental Death Benefits; Group I; Annuity Payable Upon Death.  
2 Amend RSA 100-A:8, I (b) to read as follows:

3               (b) Upon the accidental death of a group I member the amount of the state annuity  
4 payable shall be equal to ~~[50]~~ **100** percent of the member's average final compensation, **but which**  
5 **shall not exceed \$85,000.**

6       2 Retirement System; Accidental Death Benefits; Group II; Annuity Payable Upon Death.  
7 Amend RSA 100-A:8, II (b) to read as follows:

8               (b) Upon the accidental death of a group II member the amount of the state annuity  
9 payable shall be equal to ~~[50]~~ **100** percent of the member's ~~[annual rate of earnable compensation at~~  
10 ~~the date of the member's death]~~ **average final compensation, but which shall not exceed**  
11 **\$85,000.**

12       3 New Paragraph; Accidental Death Benefits; Funding. Amend RSA 100-A:8 by inserting after  
13 paragraph III the following new paragraph:

14               IV. For an accidental death occurring after the effective date of this paragraph, the total cost  
15 of terminally funding the accidental death benefit under this section shall be funded from state  
16 general funds. The retirement system shall annually certify the sum required to fund such benefits  
17 and such sum is hereby appropriated to the retirement system. The governor is authorized to draw  
18 a warrant for said sum out of any money in the treasury not otherwise appropriated.

19       4 Effective Date. This act shall take effect 60 days after its passage.

**HB 250-FN- FISCAL NOTE**

AS AMENDED BY THE HOUSE ( AMENDMENTS #2023-1045h and #2023-1319h)

AN ACT                      relative to the accidental death benefit payable for a retirement system member.

**FISCAL IMPACT:**    ☒ State                      ☒ County                      ☒ Local                      ☐ None

STATE:	Estimated Increase / (Decrease)			
	FY 2023	FY 2024	FY 2025	FY 2026
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable Increase		
Funding Source:	[ X ] General                      [   ] Education                      [   ] Highway                      [ X ] Other - Various Agency Funds			

**POLITICAL  
SUBDISVISIONS:**

<b>Revenue</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$0	Indeterminable Decrease

\*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 increases the amount of the state retirement annuity payable upon the accidental death of a retirement system member from 50% to 100% up to \$85,000. It also changes the definition of group II calculation on compensation for the death benefit to match group I calculation. Lastly, the bill provides that future accidental death benefits are funded from State general funds. This bill will increase State General Fund expenditures by an indeterminable amount to the extent an accidental death occurs, however, this cost may be offset if the employee's benefits are currently paid from general funds. Because the death benefit will now be paid out of the general fund, political subdivisions will see a decrease in expenditures and rates to the extent an accidental death benefits would have been paid by the political subdivision.

The New Hampshire Retirement System (NHRS) actuary states, based on projections of prior years deaths, less than one a year, the total amount expected to be funded from the State

General Fund for current active participants in the system could be \$6,800,000 for projected future death benefit.

The NHRS actuary also states since contributions rates for FY 2024-2025 have been certified they are not subject to change and there will be no fiscal impact in FY 2024-2025. The Actuary states the FY 2026-2027 contribution rates will be set using the June 30, 2023 valuation. Since the rates for the 2026-2027 biennium are unknown at this time, only the net impact for FY 2026 is shown. It should be noted the fiscal impact of this bill will go well beyond FY 2026.

The NHRS actuary projects a decrease in the actuarial accrued liability by \$4.9 million based on the provisions in the bill and will be amortized over a fixed period of no longer than 20-years.

#### State Impact

##### **Increase (Decrease) in Employer Pension Rates as a Percent of Payroll**

	<b>Net Impact of Proposal</b>
Employees	(0.01%)
Police	(0.26%)
Fire	(0.28%)

<b>Expected Employer Dollar Increase (Decrease) Due to Proposal</b>				
	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
Employees	-	-	-	(\$70,000)
Police	-	-	-	(\$270,000)
Fire	-	-	-	(\$10,000)
<b>TOTAL</b>	\$0	\$0	\$0	(\$350,000)

#### Political Subdivision Impact

##### **Increase (Decrease) in Employer Pension Rates as a Percent of Payroll**

	<b>Net Impact of Proposal</b>
Employees	(0.01%)
Teachers	(0.00%)
Police	(0.26%)
Fire	(0.28%)

<b>Expected Employer Dollar Increase (Decrease) Due to Proposal</b>				
	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
Employees	-	-	-	(\$80,000)
Teachers	-	-	-	-

Police	-	-	-	(\$700,000)
Fire	-	-	-	<u>(\$460,000)</u>
<b>TOTAL</b>	\$0	\$0	\$0	(\$1,240,000)

The NHRS states the proposed changes in the bill will involve indeterminable administrative costs relating to reprogramming of the pension administration system. The NHRS also states they are currently in the process of upgrading the pension administration system and the proposed changes would require updates to the current and future systems and procedures increasing administrative costs.

**AGENCIES CONTACTED:**

New Hampshire Retirement System