

HB 536-FN - AS INTRODUCED

2025 SESSION

25-0880

09/05

HOUSE BILL ***536-FN***

AN ACT relative to a cost of living adjustment in the state retirement system.

SPONSORS: Rep. Grote, Rock. 24; Rep. Leishman, Hills. 33; Sen. Altschiller, Dist 24; Sen. Watters, Dist 4

COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill provides a cost of living adjustment to members of the New Hampshire retirement system who have been retired for at least 60 months as of July 1, 2025.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT relative to a cost of living adjustment in the state retirement system.

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

1 1 New Section; Retirement System; Cost of Living Adjustment. Amend RSA 100-A by inserting
2 after section 41-e the following new section:

3 100-A:41-f Cost of Living Adjustment; Supplemental Allowance.

4 I. Any retired member of the New Hampshire retirement system or any of its predecessor
5 systems, who has been retired for at least 60 months prior to or on July 1, 2025, or any beneficiary of
6 such member who is receiving an allowance, shall be entitled to receive a cost of living adjustment
7 (COLA) as a supplemental allowance, on the retired member's first anniversary date occurring on or
8 after July 1, 2026. The amount of such supplemental allowance shall be 1-1/2 percent of a member's
9 or beneficiary's annual retirement allowance which is \$50,000 or less, or otherwise 1-1/2 percent of
10 the first \$50,000 of a retired member's or beneficiary's allowance.

11 II. The total actuarial cost of the supplemental allowance under paragraph I, as determined
12 by the actuary and certified by the board of trustees of the retirement system, shall be terminally
13 funded from the state annuity accumulation fund.

14 III. The supplemental allowance shall become a permanent addition to the beneficiary's
15 base retirement allowance and shall be included in the monthly annuity paid to the retired member,
16 or to the member's beneficiary if the member is deceased and the beneficiary is receiving an
17 allowance under RSA 100-A:8, 100-A:9, 100-A:12, 100-A:13, or similar provisions of predecessor
18 systems.

19 2 Effective Date. This act shall take effect July 1, 2025.

HB 536-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to a cost of living adjustment in the state retirement system.

FISCAL IMPACT: This bill does not provide funding, nor does it authorize new positions.

Estimated State Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	\$0	\$0	\$0
<i>Revenue Fund(s)</i>	None			
Expenditures*	\$0	\$0	\$0	\$1,570,000
<i>Funding Source(s)</i>	General Fund & State Annuity Accumulation Fund (Employer Contributions)			
Appropriations*	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

*Expenditure = Cost of bill

*Appropriation = Authorized funding to cover cost of bill

Estimated Political Subdivision Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$6,620,000

METHODOLOGY:

This bill grants a cost of living adjustment (COLA) to any retired member in the New Hampshire Retirement System who has been retired for at least 60 months prior to July 1, 2025 or to any beneficiary of a retiree who is receiving an allowance. The supplemental allowance would be 1.5% of the first \$50,000 of a retired member's or beneficiary's allowance and payable beginning on the retired member's first anniversary date occurring on or after July 1, 2026. The supplemental allowance will become a permanent addition to the beneficiary's base retirement allowance and shall be terminally funded from the State Annuity Accumulation Fund.

The New Hampshire Retirement System's actuary provided valuations based upon data used in the annual actuarial valuation as of June 30, 2023. The valuation assumes an annual rate of interest of 6.75 percent, payroll growth of 3.00 percent per year, and uses the entry-age actuarial cost valuation method. The actuary states the FY 2028-2029 contribution rates will be set using the June 30, 2025 valuation and may differ from the impact below. The allocation of this benefit is estimated as follows:

STATE IMPACT

Increase (Decrease) in Employer Pension Rates as a Percent of Payroll	
	Net Impact of Proposal
Employees	0.15%
Police	0.43%
Fire	0.40%

Expected Employer Dollar Increase (Decrease) Due to Proposal				
	FY 2026	FY 2026	FY 2027	FY 2028
Employees	-	-	-	\$1,090,000
Police	-	-	-	\$470,000
Fire	-	-	-	\$10,000
TOTAL	\$0	\$0	\$0	\$1,570,000

POLITICAL SUBDIVISION IMPACT

Increase (Decrease) in Employer Pension Rates as a Percent of Payroll	
	Net Impact of Proposal
Employees	0.15%
Teachers	0.23%
Police	0.43%
Fire	0.40%

Expected Employer Dollar Increase (Decrease) Due to Proposal				
	FY 2025	FY 2026	FY 2027	FY 2028
Employees	-	-	-	\$1,360,000
Teachers				\$3,280,000
Police	-	-	-	\$1,270,000
Fire	-	-	-	\$710,000
TOTAL	\$0	\$0	\$0	\$6,620,000

The NHRS actuary projects an increase in the actuarial accrued liability by \$100.7 million based on the provisions in the bill and will be amortized over a fixed period of no longer than 20-years.

The NHRS states the proposed changes in the bill will involve administrative costs relating to reprogramming the pension administration system.

AGENCIES CONTACTED:

New Hampshire Retirement System