

Amendment to HB 581-FN

1 Amend the bill by replacing all after the enacting clause with the following:

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3 1 Participation by Members; Retirement System; Defined Contribution Plan. Amend the
4 introductory paragraph of RSA 100-A:3, I(a) to read as follows:

5 I.(a) Any person who becomes ~~an~~ **a political subdivision** employee, teacher, permanent
6 policeman, or permanent fireman after the date of establishment, **or who begins state employee**
7 **service before January 1, 2026** working in a position for an employer under this chapter as
8 determined by common law standards, shall become a member of the **defined benefit** retirement
9 system as a condition of employment. In addition, employees appointed to an unclassified position
10 with no fixed term on or after July 1, 2011 **and before January 1, 2026** shall become members of
11 the **defined benefit** retirement system as a condition of employment, if they are receiving benefits
12 from the retirement system. Any retirement benefit collected by such an unclassified employee shall
13 be suspended during the period of employment. Membership in the retirement system shall be
14 optional in the case of elected officials, officials appointed for fixed terms, employees appointed to an
15 unclassified position with no fixed term prior to July 1, 2011, or those employees of the general court
16 who are eligible for membership in the retirement system. ~~Other~~ Elected officials and officials
17 appointed for fixed terms shall, however, be eligible for membership in the retirement system only
18 under the following conditions:

19 2 Unfunded Accrued Liability; Group III Members. Amend RSA 100-A:16, II(e)(1) to read as
20 follows:

21 (e)(1) Immediately following the actuarial valuation prepared as of June 30 of each fiscal
22 year, the board shall have an actuary determine the amount of the unfunded accrued liability for
23 each member classification, proportionally reduced using sums dedicated as provided in RSA 21-I:95,
24 II, as the amount of the total liabilities of the state annuity accumulation fund on account of such
25 classification which is not dischargeable by the total of the funds in hand to the credit of the state
26 annuity accumulation fund on account of such classification, and the aforesaid normal contributions
27 to be made on account of the members in such classification during the remainder of their active
28 service. The amount so determined with respect to each member classification shall be known as the
29 "unfunded accrued liability" with respect to such classification. **The accrued liability**
30 **contribution percentage chargeable to a group III employer shall be determined by**
31 **charging the group I member accrued liability contribution for the group III members.**

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1 3 New Subdivision; Group III; Retirement System Defined Contribution Plan. Amend RSA 100-
2 A by inserting after section 58 the following new subdivision:

3 Group III Retirement System Defined Contribution Plan

4 100-A:59 Definitions. In this subdivision:

5 I. "Commission" means the deferred compensation commission under RSA 101-B.

6 II. "Member" means a person who is required to or elects to participate in the plan
7 established in this subdivision.

8 III. "Plan" means the group III defined contribution plan established for members. The
9 defined contribution retirement plan is a plan in which savings are accumulated in an individual
10 account for the exclusive benefit of the member or beneficiaries. The plan is established effective
11 January 1, 2026, at which time contributions by members begin.

12 100-A:60 Group III; Defined Contribution Plan Established. There is hereby established a
13 retirement benefit plan for members required to, or who voluntarily elect to, enroll in the plan, who
14 began service on or after January 1, 2026. The defined contribution retirement plan is intended to
15 qualify under 26 U.S.C. section 401(a) and section 414(d), the Internal Revenue Code, as a qualified
16 retirement plan established and maintained by the state for its employees. All qualifying
17 contributions shall be held and invested by the commission. All assets received by the plan shall be
18 held for the exclusive benefit of plan participants and their beneficiaries and applied solely as
19 provided by the plan. The commission shall determine the terms and provisions of the plan not
20 inconsistent with this subdivision, the Internal Revenue Code, or other applicable law and shall
21 provide for the plan's administration.

22 100-A:61 Membership. Any state employee other than a teacher, permanent policeman, or
23 permanent fireman, who was entered on the payroll on a full-time or eligible part-time basis on or
24 after January 1, 2026 shall as a condition of employment be a member of the group III defined
25 contribution plan established in this subdivision; except that membership shall be optional in the
26 case of elected officials, officials appointed for fixed terms, unclassified state employees, or those
27 employees of the general court who are eligible for membership in the retirement system.

28 100-A:62 Administration; Rulemaking.

29 I. The administrator of the plan shall be the executive director of the deferred compensation
30 plan, who shall have the assistance and services of the department of administrative services for all
31 duties and responsibilities under this subdivision. The department of administrative service may
32 employ and assign staff to the executive director and commission for the administration of the plan.

33 II. The executive director shall adopt rules, pursuant to RSA 541-A, relative to the
34 procedure for administration of the investment options of members and beneficiaries, benefit
35 distributions, and forms necessary for the administration of this subdivision.

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1 100-A:63 Administration of Plan. The commission may contract with a third-party
2 administrator for the plan for the administration of assets accumulated under each participant's
3 account.

4 100-A:64 Powers of the Commission. The commission, in addition to its powers and duties set
5 forth in this subdivision and RSA 101-B, shall have the following powers and duties to establish the
6 plan and trust and administer the provisions of this subdivision:

7 I. The commission may commingle or pool assets with the assets of other persons or entities.

8 II. The commission shall pay all administrative fees, costs, and expenses of managing,
9 investing and administering the plan, and the individual investment accounts from the balance of
10 such individual investment accounts except as otherwise provided under this subdivision or as the
11 legislature otherwise provides by appropriation.

12 III. The commission shall have the power to change the terms of the plan as may be
13 necessary to maintain the tax-qualified status of the plan.

14 IV. The commission may establish a process for election to participate in the plan by those
15 employees eligible to do so for whom participation is not mandatory.

16 V. The commission may allow an inactive participant to maintain the participant's
17 individual investment account within the plan.

18 VI. The commission shall ensure that participants are provided with educational materials
19 about investment options and choices.

20 100-A:65 Contributions by Member. The member participating under this subdivision shall
21 contribute 7 percent of earnable compensation to the plan.

22 100-A:66 Limitations on Contributions. Notwithstanding any other provisions of this plan, the
23 annual total member contributions to each individual's account under this plan, including any
24 additional voluntary contributions under RSA 101-B, may not exceed, for any limitation year, the
25 amount permitted under 26 U.S.C. section 415 at any time. If the amount of a member's defined
26 contribution plan contributions exceeds the limitation of 26 U.S.C. section 415(c) for any limitation
27 year, the administrator shall take any necessary remedial action to correct an excess contribution.

28 100-A:67 Contributions by Employer. Employers under the plan shall contribute an amount
29 equal to or greater than 5 percent of a member's earnable compensation for deposit in the member's
30 individual account.

31 100-A:68 Investment of Individual Accounts.

32 I. A member's individual account shall be invested as authorized in RSA 101-B.

33 II. Except to the extent clearly set out in the terms of the investment plans offered by the
34 employer to the employee, the employer is not liable to the participant for investment losses if the
35 prudent investment standard has been met.

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1 III. The employer, administrator, state, or commission, or a person or entity who is
2 otherwise a fiduciary, is not liable for any participant's investment loss that results from the
3 participant's directing the investment of plan assets allocated to the participant's account.

4 100-A:69 Vesting. Employee contributions and investment return attributable to contributions
5 shall be 100 percent vested as of the date of contribution or accrual. Any contribution by the
6 employer shall be 100 percent vested after 2 years of service. The 2 years of service need not be
7 continuous.

8 100-A:70 Withdrawal of Funds. Distributions from an account of a member shall be permitted
9 in the following circumstances, subject to applicable rules and limitations under federal regulations:

10 I. Termination of employment.

11 II. Retirement.

12 III. Upon turning age 59½ and still employed as limited by federal regulations.

13 IV. If the member becomes disabled.

14 V. If the member dies.

15 VI. Financial hardship as defined in applicable federal regulations.

16 VII. Required distributions.

17 100-A:71 Required Distributions. All payments under this subdivision shall start and be made
18 in compliance with the minimum distribution requirements and incidental death benefit rules of
19 Internal Revenue Code section 401(a)(9). The commission shall take any action and make any
20 distributions it may determine are necessary to comply with those requirements.

21 100-A:72 Health Insurance Group Insurance Inclusion. Any retired member and his or her
22 beneficiaries may participate in the retiree group insurance programs authorized by RSA 21-I:26
23 through RSA 21-I:36 at his or her own expense unless otherwise provided.

24 4 Medical and Surgical Benefits. Amend the introductory paragraph of RSA 21-I:30, VI to read
25 as follows:

26 VI. For the purposes of this section, "retired employee" means each group I *or group III*
27 state employee who:

28 5 Medical or Surgical Benefits. Amend RSA 21-I:30, VIII to read as follows:

29 VIII. Any vested deferred state retiree may receive medical and surgical benefits under this
30 section if the vested deferred state retiree is eligible. To be eligible, a group I *or group III* vested
31 deferred state retiree shall have at least 10 years of creditable service with the state if the
32 employee's service began prior to July 1, 2003 or 20 years of creditable service with the state if the
33 employee's service began on or after July 1, 2003 and a group II vested deferred state retiree shall
34 have at least 20 years of creditable service with the state if the employee's service with the state
35 began on or after July 1, 2010. In addition, if the vested deferred state retiree is a member of group I
36 *or group III*, such retiree shall be at least 60 years of age to be eligible. If the vested deferred state
37 retiree is a member of group II who is in vested status before January 1, 2012, such retiree shall not

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1 be eligible until 20 years from the date of becoming a member of group II and shall be at least 45
2 years of age, and any group II member who commenced service on or after July 1, 2011 shall not be
3 eligible until 25 years from the date of becoming a member of group II and shall be at least 52.5
4 years of age, and group II members who have not attained vested status prior to January 1, 2012
5 shall be as provided in the transition provisions in RSA 100-A:5, II(d).

6 6 Medical and Surgical Benefits. Amend RSA 21-I:30, XI to read as follows:

7 XI. A state employee who commences service on or after July 1, 2011 and who is eligible for
8 benefits under this section shall not receive such benefit until attaining age 52.5 if the state
9 employee retired from group II service with the state or attaining age 65 if the state employee
10 retired from group I **or group III** service with the state.

11 7 Additional Medical and Surgical Benefits. Amend RSA 21-I:30-a, I and II to read as follows:

12 I. The state shall pay a premium for permanent group hospitalization, hospital medical care,
13 surgical care, and other medical and surgical benefits for the surviving spouse and dependent
14 children of a deceased group I, ~~or~~ group II, **or group III** state employee or retirement system
15 member who dies as the natural and proximate result of injuries suffered while in the performance
16 of duty, provided that:

17 (a) Any such child shall qualify as a dependent under the provisions of RSA 21-I:26-36
18 and be under 18 years of age, or if a full-time student, be under 26 years of age.

19 (b) Any such surviving spouse shall cease to be qualified for medical and surgical
20 benefits under this section upon the remarriage of the surviving spouse.

21 (c) No surviving spouse or dependent children shall be qualified or continue to be
22 qualified for medical and surgical benefits under this section while receiving medical insurance or
23 health care benefits from any other employer-sponsored plan.

24 (d) The state shall pay the premium for supplemental medical and surgical benefits
25 under this section for any such child who qualifies as a dependent under the provisions of RSA 21-
26 I:26-36 and who is eligible for medicare benefits.

27 II. In the case of the surviving spouse and dependent children of a group I, ~~or~~ group II, **or**
28 **group III** state employee or retirement system member who are eligible for medical and surgical
29 benefits under this section and also under the provisions of RSA 100-A:50-55, the state shall pay the
30 difference between the amount paid under RSA 100-A:52 and the premium paid under paragraph I.

31 8 Initial Funding; Appropriation. All initial fees, costs and expenses of establishing and
32 administering the plan and investing the assets of the plan under RSA 100-A:59 through 100-A:72
33 shall be borne by the state general fund until July 1, 2026, after which they will be borne by the
34 participants and paid from assessments against the balances of the individual investment accounts
35 as established by the commission. The governor is authorized to draw a warrant for the sum
36 necessary for such administration out of any money in the treasury not otherwise appropriated.

37 9 Effective Date. This act shall take effect June 30, 2025.

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2025-0502h

AMENDED ANALYSIS

This bill establishes a group III, defined contribution state retirement plan for new state employee members of the retirement system, who begin service on or after January 1, 2026. All new employees of state employers on and after January 1, 2026 will be required to join the group III defined contribution plan as administered by the retirement system, and any other group I employees may join.