SB 242-FN - AS INTRODUCED

2025 SESSION

25-0230
06/02

SENATE BILL ***242-FN***

AN ACT relative to the cost of living adjustments for certain group II retirees in the New Hampshire retirement system.

SPONSORS: Sen. Gannon, Dist 23; Sen. Avard, Dist 12; Sen. Long, Dist 20; Sen. Watters, Dist 4; Sen. Fenton, Dist 10; Rep. L. Walsh, Rock. 15; Rep. Harb, Rock. 20; Rep. Rice, Hills. 38; Rep. Guthrie, Rock. 15; Rep. Khan, Rock. 30

COMMITTEE: Finance

ANALYSIS

This bill establishes a cost of living adjustment in 2025 to be paid by the retirement system on the first $50,000 of a retired group II member's or beneficiary's allowance. The cost of this supplemental allowance is paid from the state general fund.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

25-0230
06/02

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Five

AN ACT relative to the cost of living adjustments for certain group II retirees in the New Hampshire retirement system.

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

1 New Section; Retirement System; Cost of Living Adjustment; Supplemental Allowance; Certain Group II Members. Amend RSA 100-A by inserting after section 41-e the following new section:

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

I.(a) Any retired group II member of the New Hampshire retirement system or any of its predecessor systems, who has been retired for at least 120 months but not more than 239 months prior to or on July 1, 2025, or any beneficiary of such member who is receiving an allowance, shall be entitled to receive a cost of living adjustment (COLA) as a supplemental allowance. The amount of such supplemental allowance shall be 5 percent of a member's or beneficiary's annual retirement allowance which is $50,000 or less, or otherwise 5 percent of the first $50,000 of a retired member's or beneficiary's allowance.

(b) Any retired group II member of the New Hampshire retirement system or any of its predecessor systems, who has been retired for at least 240 months prior to or on July 1, 2025, or any beneficiary of such member who is receiving an allowance, shall be entitled to receive a cost of living adjustment (COLA) as a supplemental allowance. The amount of such supplemental allowance shall be 10 percent of a member's or beneficiary's annual retirement allowance which is $50,000 or less, or otherwise 10 percent of the first $50,000 of a retired member's or beneficiary's allowance.

II. The total actuarial cost of the supplemental allowance under paragraph I, as determined by the actuary and certified by the board of trustees of the retirement system, shall be terminally funded from the state general fund. The sum necessary is hereby appropriated to the board of trustees. The governor is authorized to draw a warrant for said sum out of any money in the treasury for the fiscal year ending June 30, 2025, not otherwise appropriated.

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

IV. The payment of the supplemental allowance under this section shall be made by the retirement system as soon as administratively practicable after the effective date of this section, but not later than November 1, 2025.

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

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SB 242-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to the cost of living adjustments for certain group II retirees in the New Hampshire retirement system.

FISCAL IMPACT:

Estimated State Impact				
	FY 2025	**FY 2026**	**FY 2027**	**FY 2028**
Revenue	$0	$0	$0	$0
Revenue Fund(s)	None			
Expenditures*	$98,400,000	$0	$0	$0
Funding Source(s)	General Fund			
Appropriations*	$98,400,000	$0	$0	$0
Funding Source(s)	General Fund			

***Expenditure = Cost of bill** ***Appropriation = Authorized funding to cover cost of bill**

METHODOLOGY:

This bill establishes a group II retirement cost of living adjustment in 2025 to be paid from the General Fund. The amount payable would be 5% of the first $50,000 or less of retired group II members who have been retired for at least 120 months but not more than 239 months prior to or on July 1, 2025; and 10% for members who have been retired for 20 or more years as well as any beneficiary of such member who is receiving an allowance.

The New Hampshire Retirement System's (NHRS) actuary states the calculation was based on June 30, 2023, the most recent certified actuarial valuation, and increased with interest through June 30, 2025, with the assumption that each eligible retiree alive on the June 30, 2023 valuation date would receive a payment. The NHRS actuary notes there is no impact on employer contributions since the change is to be terminally funded from the General Fund and the change only affects members currently in receiving status who meet the requirements needed to receive the supplemental benefit. The estimated cost of the bill would be an increase in General Fund expenditures of $98.4 million in FY 2025.

The bill contains language that appropriates sufficient General Funds to cover the cost of this bill.

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

AGENCIES CONTACTED:

New Hampshire Retirement System