

FILING REQUIREMENTS

Members must file an application for retirement with NHRS no more than 90 days or fewer than 30 days before their effective date of retirement, which for NHRS purposes is always the first of a month following the member's termination of NHRS-covered employment. Members must file their retirement application with NHRS while they are still actively contributing members of NHRS. Members who change their decision about retirement after filing for benefits must contact NHRS *in writing* before their effective date of retirement to change their retirement date or to withdraw their application.

REQUIRED DOCUMENTATION

- Service Retirement Application
- Copy of the member's Social Security card (or an IRS Form W-9)
- Copy of the member's Birth Certificate
- Copy of the member's beneficiary (ies) Birth Certificate if Survivorship Option 2, 3, or 4 is selected
- An IRS Form W-4P Federal Withholding Certificate
- A notarized, Mandatory Acknowledgment/Certification form
- Electronic Direct Deposit (EDD) Form
- Additional Annuity Payment Option (if applicable)
- Health Insurance Pre-Application (state employees only)

The New Hampshire Retirement System (NHRS) is governed by New Hampshire RSA 100-A, rules and regulations, and Federal laws including the Internal Revenue Code. NHRS also implements policies adopted by the Board of Trustees. These laws, rules, regulations and policies are subject to change. Even though the goal of NHRS is to provide information that is current, correct and complete, NHRS does not make any representation or warranty as to the current applicability, accuracy or completeness of any information provided in this publication. This publication is intended to provide general information only and should not be construed as a legal opinion or as legal advice. Members are encouraged to address specific questions regarding NHRS to an NHRS representative. In the event of any conflict between this publication and the laws, rules and regulations which govern NHRS, the laws, rules and regulations shall prevail.

Revised 3/09

**New Hampshire Retirement System
54 Regional Drive
Concord, NH 03301-8507**

SERVICE RETIREMENT PLANNING GUIDE

NHRS

New Hampshire Retirement System

**Group I
Employees
& Teachers**

**New Hampshire Retirement System
54 Regional Drive
Concord, NH 03301-8507
(603) 410-3500 or toll free: (877) 600-0158
Web Site: www.nhrs.org
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GROUP I SERVICE RETIREMENT WORKSHEET (EMPLOYEES & TEACHERS)

Convert years of creditable service to months:

Your years of creditable service _____ years multiplied by 12 = _____ months.

To calculate your estimated Service Retirement pension if you retire from age 60 to 64: (NOTE: All Group I pensions are permanently reduced at age 65 based on the age 65 formula; See B1-B4 below)	Sample Estimate	Member's Estimate
A1. Enter your months* of NHRS creditable service here	300	
A2. Multiply your months of service (A1) by 0.001388 and enter here	0.4164	
A3. Enter your AFC (the average of your 3 highest paid years) here	\$30,000	
A4. Multiply A3 by line A2 and enter here	\$12,492	
<i>The amount on line A4 is your approximate yearly pension payable if you retire between ages 60 and 64. Your benefit reduces at age 65: to calculate that benefit go to B1.</i>		
To calculate your pension payable from age 65:	Sample Estimate	Member's Estimate
B1. Enter your months* of NHRS creditable service here	300	
B2. Multiply your months of service (B1) by 0.001262 and enter here	0.3786	
B3. Enter your AFC (the average of your 3 highest paid years) here	\$30,000	
B4. Multiply line B3 by line B2 and enter here	\$11,358	
<i>The amount on line B4 is your approximate yearly pension payable from age 65.</i>		
To calculate your pension payable under Early Service Retirement: The sample provided is based on a person retiring at age 55 years and 6 months (age 55.5)	Sample Estimate	Member's Estimate
C1. Complete A1-A4 above and enter the amount shown on line A4 here	\$12,492	\$
C2. Retirement age for unreduced Service Retirement allowance	60.0 yrs	60.0 yrs
C3. Your retirement age in years and months (express partial years as a decimal)	55.5 yrs	
C4. Subtract line C3 from line C2	4.5 yrs	
C5. Based on your creditable years of service, enter the annual reduction factor from the chart	4%	
C6. Permanent reduction based on your early retirement age - Multiply line C5 by line C4	18%	
C7. Percentage of Service Retirement pension payable at early retirement age: 100% minus line C6	82%	
C8. Convert to a decimal by multiplying line C7 by 0.010	0.82	
C9. Estimated annual pension payable under Early Service Retirement: Multiply line C1 by line C8	\$10,243	
<i>The amount on line C8 is your approximate yearly early reduced retirement pension payable to age 65. Your benefit reduces at age 65; to calculate that benefit go to D1.</i>		
To calculate your pension payable from age 65 under Early Service Retirement:	Sample Estimate	Member's Estimate
D1. Enter the amount on line C9 here	\$10,243	
D2. Multiply line D1 by 0.9091 and enter here	\$9,312	
<i>The amount on line D2 is your approximate yearly early reduced retirement pension payable from age 65.</i>		

***Members whose normal working time is a 10-month period (for example, a teacher working a school year), receive service credit for the full year (12 months).**

PLEASE NOTE: This worksheet is intended to help Group I members calculate a basic **estimate** of the Service Retirement pension payable upon eligibility.

Reductions under Optional Allowances and any income tax withholding are not included in the worksheet.

PLANNING BEGINS NOW

This publication provides Group I members (employees and teachers) with general information about their Service Retirement benefit available through the New Hampshire Retirement System (NHRS). This publication does not provide information about Disability Retirement benefits or Group II (firefighters and police officers) benefits.

TYPE OF PLAN

NHRS is a defined benefit plan. Pensions are based on a formula which considers a member's salary credit ("average final compensation") and service credit ("creditable service").

NHRS TERMINOLOGY

Accumulated contributions – The sum of all mandatory NHRS contributions deducted from a member's compensation, any additional contributions and any contributions made by a member for purchases of service credit, plus credited interest.

Allowance – A retirement pension.

Average Final Compensation (AFC) – The average of a member's three highest paid years of membership service (also referred to as "final average salary"). For benefit calculation purposes, a "year" refers to a ten or twelve month period of membership service (based on the member's normal working time), counting back from the final month of creditable service.

Creditable service – Membership service earned as a contributing NHRS member, plus service credit purchases. For more information about service credit purchases, please visit www.nhrs.org.

Earnable compensation – Please visit the NHRS website at http://www.nhrs.org/Members/documents/earnable_comp_insert.pdf to view the complete definition of earnable compensation.

THE "120 DAY" LAW

Members must receive all compensation that is subject to NHRS contributions no later than 120 days after their termination of employment from their NHRS-covered position. Any compensation paid to members beyond the 120-day period will not be included in their benefit calculation. (There may be an exception in unusual circumstances, when it is established that the delay in payment was through no fault of the member.)

EARNINGS LIMITATION

For benefit calculation purposes, a member's final 12 months of earnable compensation is limited. The limit is 150% of the member's earnable compensation for the preceding 12 months or the higher earnable compensation for any year used in calculating the member's average final compensation, excluding the member's final 12 months. If the member exceeds the 150% limit and it is determined that the member is not eligible for grandfathered credits, NHRS will notify the member.

SERVICE RETIREMENT

- Active Group I member age 60 or older
- No minimum years of creditable service required

EARLY SERVICE RETIREMENT

(Permanently reduced pension)

- Minimum of 10 years of creditable service
 - Active Group I member age 50 or older
- OR**
- Minimum of 20 years of creditable service and member's years of service plus member's age equal 70 or more.

Reduction Factors for Early Service Retirement

Years of Creditable Service	Reduction Factor
35 or more years.....	1½%
30-34 years	3%
25-29 years	4%
20-24 years	5%
At least 10 but less than 20 years	6⅔%

The reduction percentage is applied for each year that retirement benefits begin before age 60. For fractions of a year, the applicable reduction percentage is pro-rated on the basis of months.

Pension Calculation Example:

A teacher with 25 years of creditable service retires at age 55 ½. The permanent reduction under Early Service Retirement would be 18%: 4% multiplied by 4 ½ years of early (before age 60) retirement.

SPLIT BENEFITS

If members are eligible for Split Benefits (creditable service in both Group I and Group II), they may contact a benefits specialist to determine their eligibility for Service Retirement benefits.

OPTIONAL ALLOWANCES/ SURVIVORSHIP OPTIONS

At retirement, members must select one of the following benefit payment choices.

Maximum Retirement Allowance

The maximum allowance payable to a retiree until his/her death. Upon the retiree's death, the designated beneficiary(ies) will receive a lump sum payment of the amount, if any, of the retiree's accumulated contributions at retirement reduced by the total NHRS Service Retirement benefits that the retiree received during his/her lifetime, which were provided by his/her accumulated contributions and by the contributions of the employer.

Option 1

A reduced allowance payable to a retiree until his/her death. Upon the retiree's death, the designated beneficiary(ies) will receive a lump sum payment of the amount, if any, of the retiree's accumulated contributions at retirement reduced by the total NHRS Service Retirement benefits that the retiree received during his/her lifetime, which were provided solely by the retiree's accumulated contributions.

Survivorship Options

At retirement, a member may select a reduced allowance under one of the Survivorship Options to provide a lifetime allowance to a beneficiary(ies). Beneficiaries under a Survivorship Option may include any one person or any number of the member's children and/or the member's spouse. Multiple beneficiaries under a Survivorship Option may not include anyone other than the member's children and spouse. The amount of the reduction in the member's allowance will depend on which option was selected, the member's age at the time of retirement, and the age of each primary beneficiary.

Option 2 – 100% Survivorship

A reduced allowance payable until the death of a retiree with up to 100% of the retiree's reduced allowance payable thereafter to the retiree's primary beneficiary(ies) for life.

Option 3 – 50% Survivorship

A reduced allowance payable until the death of a retiree with 50% of the retiree's reduced allowance payable thereafter to the retiree's primary beneficiary(ies).

Option 4(A) – 100% Survivorship "pop-up"

Similar to Option 2; however, if the beneficiary predeceases the retiree, the retiree's allowance will increase ("pop up") to the Maximum Retirement Allowance that the retiree would have received had he/she not elected a Survivorship Option. If the retiree chooses multiple primary beneficiaries, and one or more of those beneficiaries predecease the retiree, the retiree's allowance will increase by a proportional share of the cost, based on the number of beneficiaries. If all of the primary beneficiaries predecease the retiree, then the allowance will increase to the Maximum Retirement Allowance.

Option 4(B) – 50% Survivorship "pop-up"

Similar to Option 3; however, if the beneficiary predeceases the retiree, the retiree's allowance will increase ("pop up") to the Maximum Retirement Allowance that the retiree would have received had he/she not elected a Survivorship Option. Refer to Option 4(A) for details regarding multiple primary beneficiaries.

Option 4(C)

A reduced allowance payable until the death of a retiree with some other benefit of the retiree's choice payable to the retiree's designated beneficiary(ies), subject to NHRS Board of Trustees approval.

PRE-SELECTION

Pre-selection allows an active Group I member who is age 60 or older to elect a maximum Survivorship Option for a beneficiary(ies) in the event of the member's death while in service and before filing an application for Service Retirement. The maximum Survivorship Option provides a lifetime allowance equal to the amount that the member would have received under the joint and 100% Survivor Option, calculated as if Service Retirement had occurred on the day before the member's date of death. More information about pre-selection may be found at www.nhrs.org.

MAXIMUM BENEFIT LIMITATIONS

Any allowance payable to a beneficiary is subject to the limitations set forth in RSA 100-A:13-b and Internal Revenue Code Section 401(a)(9). The total allowance payable to a retiree's beneficiary(ies) is limited to 100% of the retiree's allowance.

Section 401(a)(9) of the Internal Revenue Code limits the survivorship allowance payable to a non-spouse beneficiary who is more than ten years younger than the retiree. That limit is 52% to 96% of the retiree's allowance. The exact percentage will vary according to the age of the retiree and the age of the beneficiary(ies).