

NEW HAMPSHIRE MUNICIPAL ASSOCIATION



# City of Nashua

## Update on the NH Retirement System

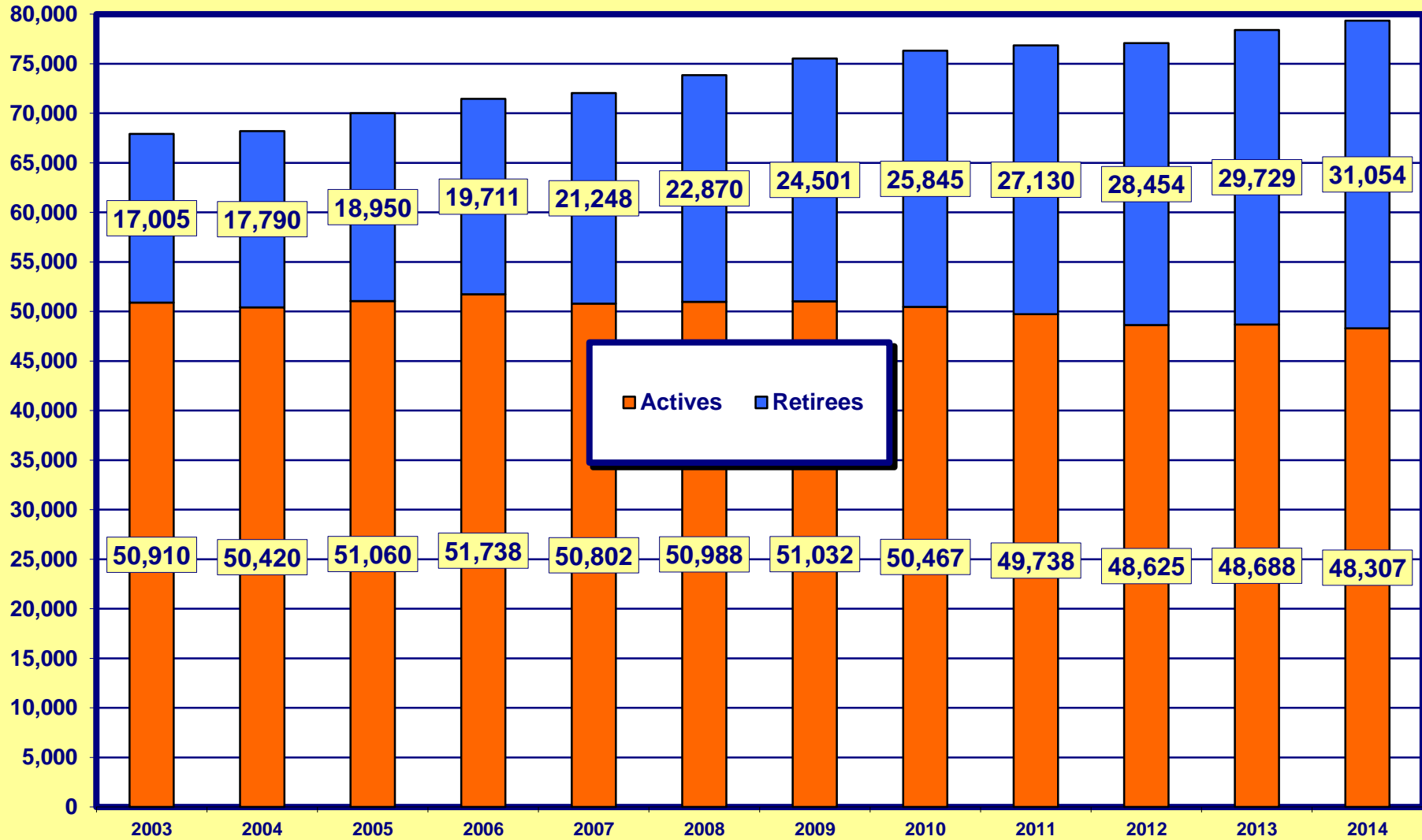
*Barbara T. Reid*  
*NHMA Government Finance Advisor*  
*January 12, 2015*

# Agenda

## Slide #

- 3 Active Employees vs. Retirees**
- 4 Annual Employer \$ Contributions**
- 5 Unfunded Liability by Year**
- 6 Employer Rates (With State Contributions)**
- 7 Employer Rates (Net of State Contributions)**
- 8 Group I Employer Rates FY2014 – FY2017**
- 9 Group II Employer Rates FY 2014 – FY2017**
- 10 Average Annual Pension (by group, by years of service)**
- 11 Number of Retired Members (by group, by years of service)**
- 12 Investments, Litigation and Legislation**
- 13-14 Nashua FY2016 Projections**

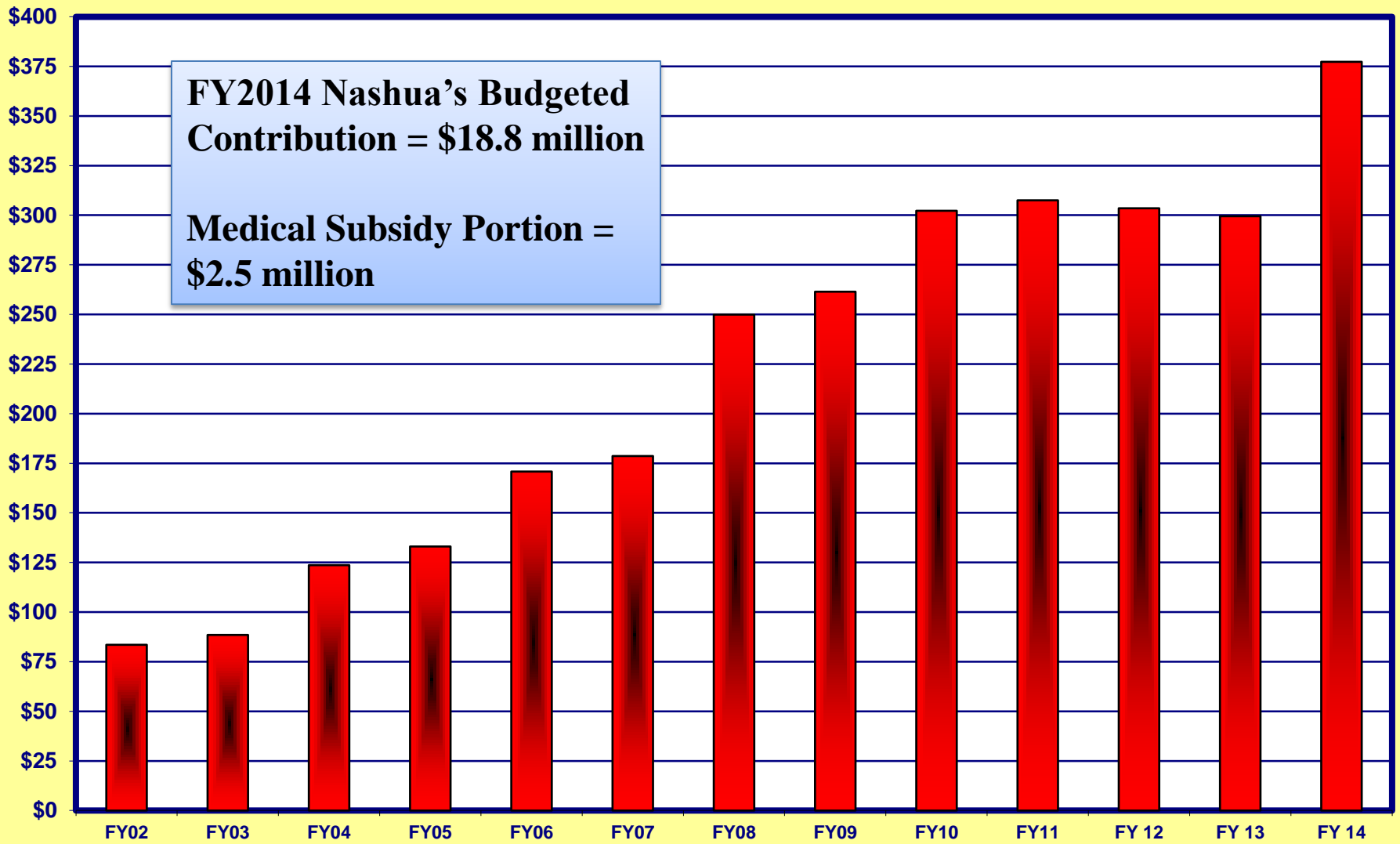
# NHRS ACTIVES vs. RETIREES 2003-2014



Source: NHRS Fact Sheet and Annual Reports  
Prepared by NHMA

# NHRS EMPLOYER CONTRIBUTIONS 2002-2014 COMBINED PENSION + MEDICAL SUBSIDY

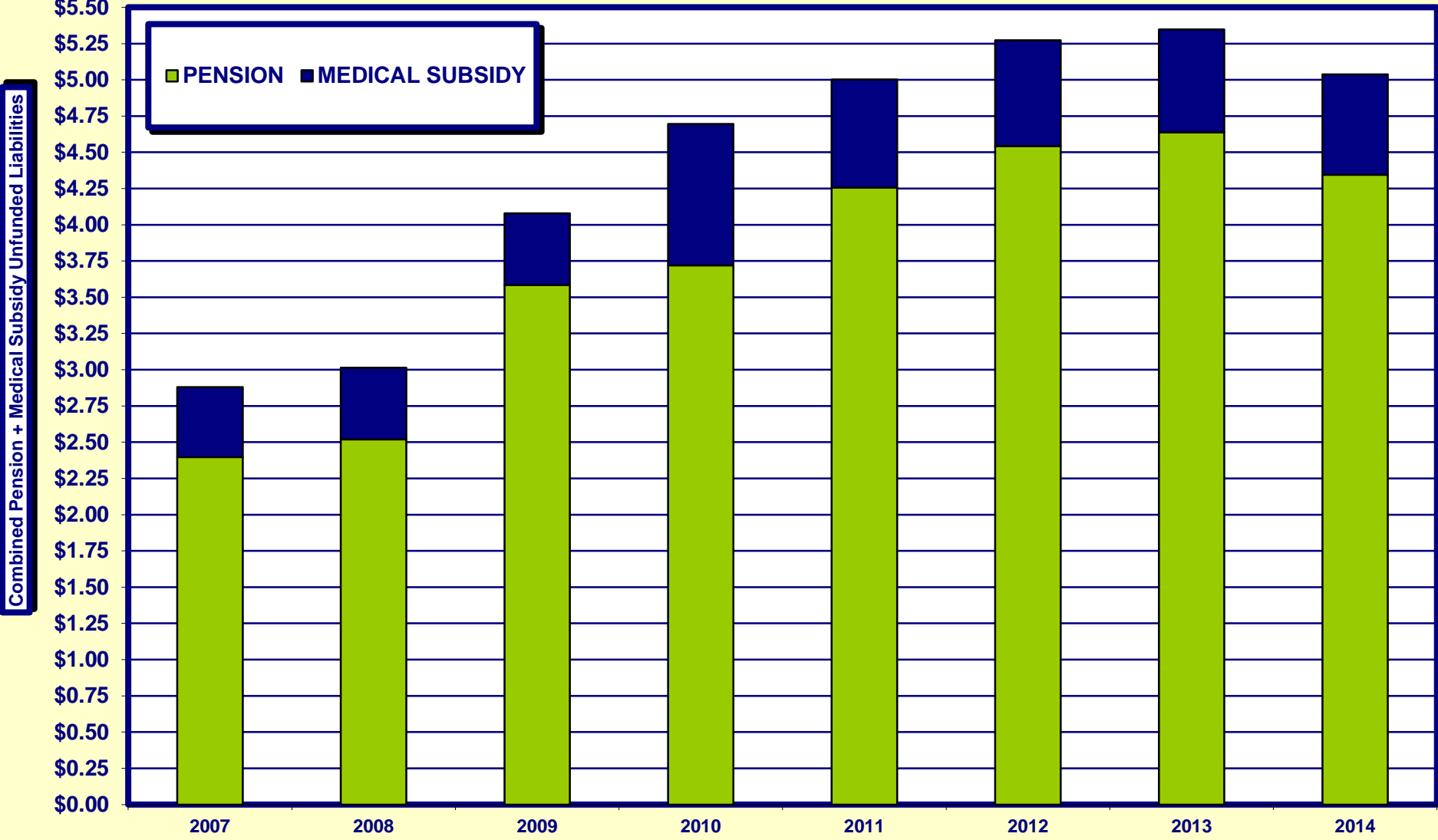
Millions



Source: NHRS Comprehensive Annual Financial Reports  
Prepared by NHMA

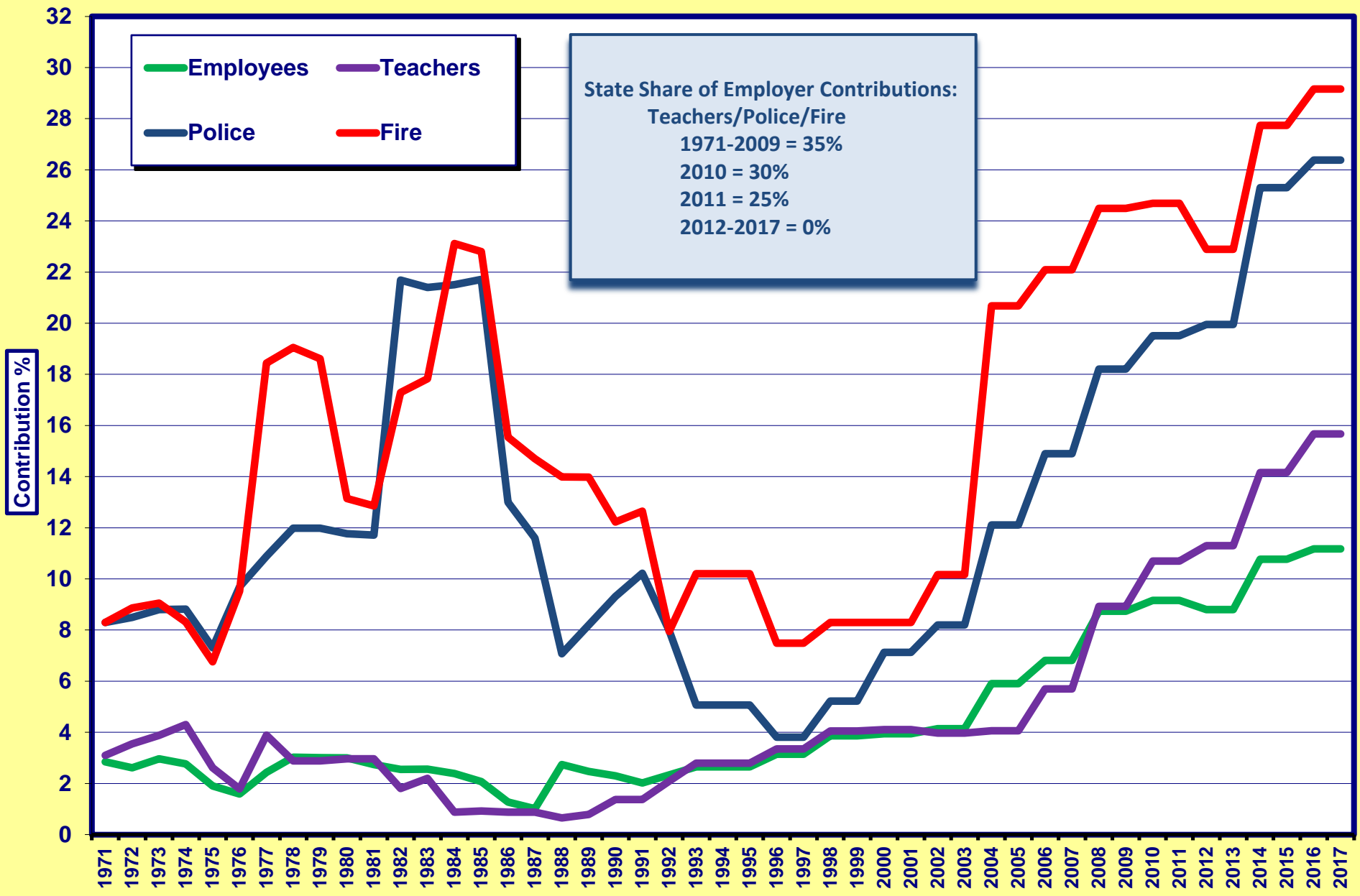
# NHRS UNFUNDED LIABILITIES: 2007-2014

Billions

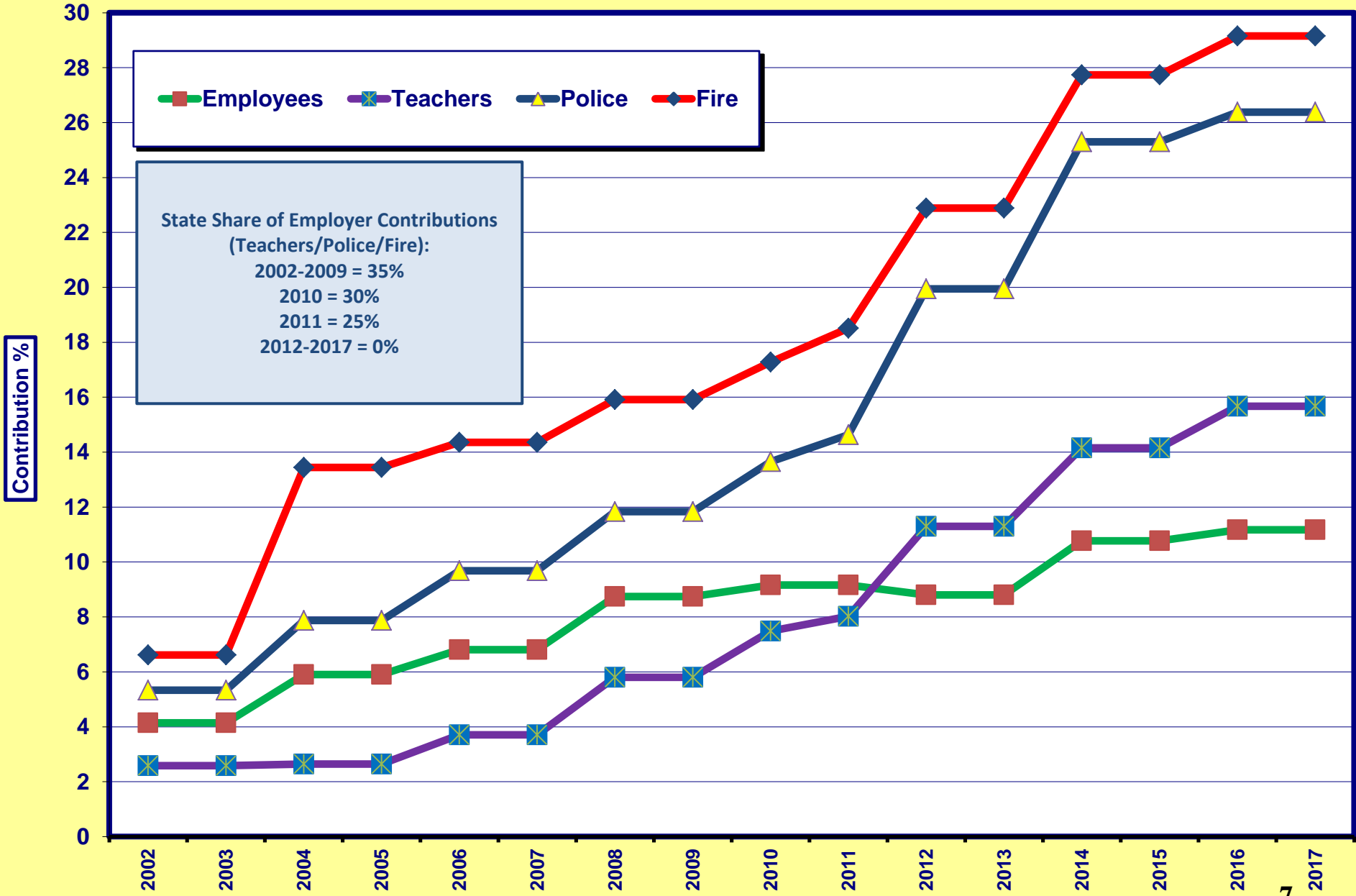


Source: FY 2007-2013 NHRS Comprehensive Annual Financial Reports, FY 2014 Actuarial Valuation  
Prepared by NHMA

# NHRS Total Employer Rates (With State Contributions) 1971- 2017



# NHRS Local Employer Rates (Net of State Contributions) 2002-2017



# *Group I Employer Rates Employees and Teachers*

	July 1, 2013 – June 30, 2015		July 1, 2015 – June 30, 2017	
	FY 2014 and FY 2015 Employee	FY 2014 and FY 2015 Teacher	FY 2016 and FY 2017 Employee*	FY 2016 and FY 2017 Teacher*
<b>Normal Cost</b>	9.48%	9.01%	9.14%	8.69%
<b>Unfunded Liability</b>	7.96%	9.95%	<b>8.72%</b>	<b>11.03%</b>
<b>Total Cost</b>	17.44%	18.96%	17.86%	19.72%
<b>Member Contribution</b>	7.00%	7.00%	7.00%	7.00%
<b>Employer Pension</b>	10.44%	11.96%	10.86%	12.72%
<b>Employer Medical</b>	0.33%	2.20%	0.31%	2.95%
<b>Total Employer Rate</b>	<b>10.77%</b> 22.39% increase over previous year	<b>14.16%</b> 25.31% increase over previous year	<b>11.17%</b> <b>3.7% increase over previous year</b>	<b>15.67%</b> <b>10.66% increase over previous year</b>

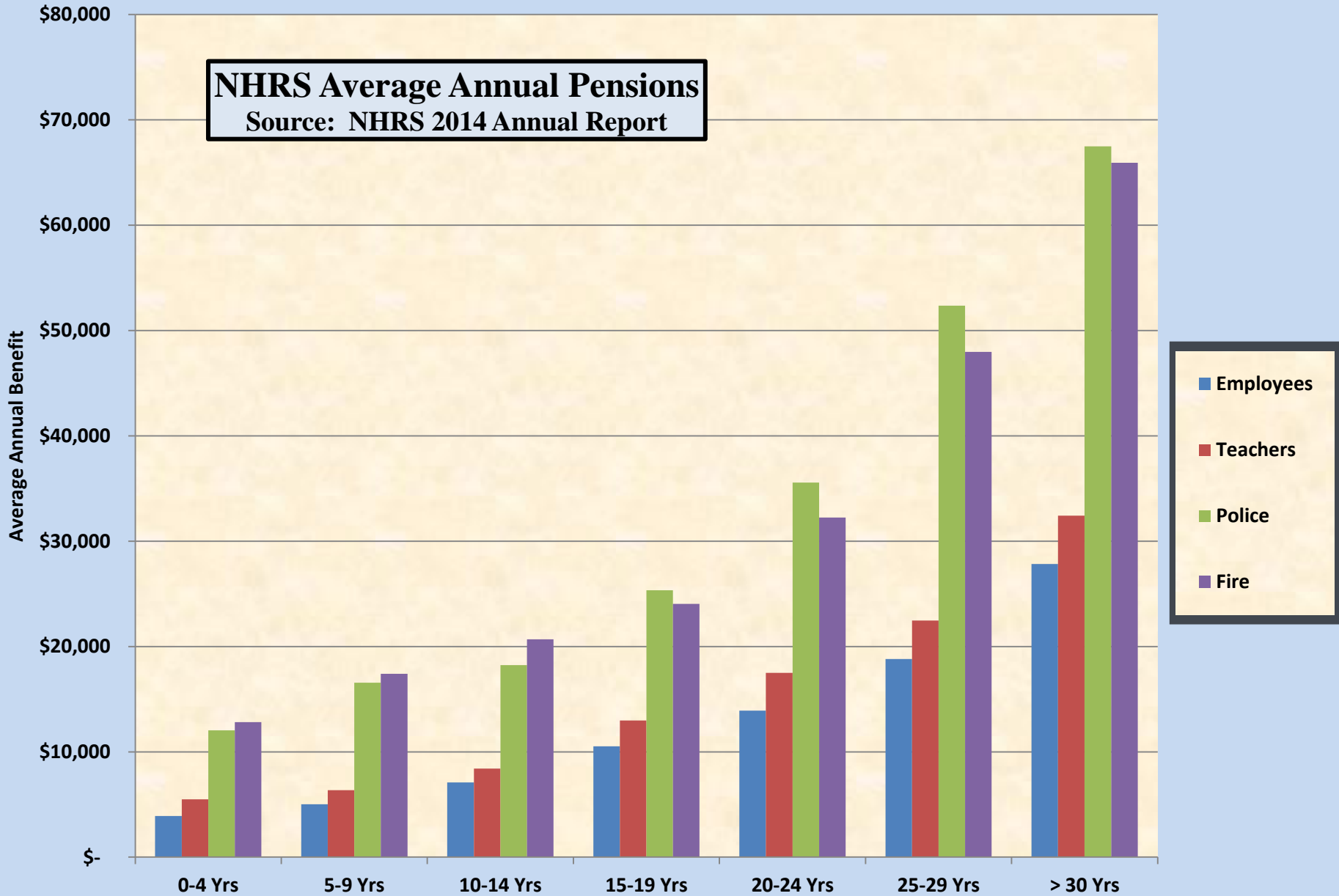


# *Group II Employer Rates*

## *Police and Fire*

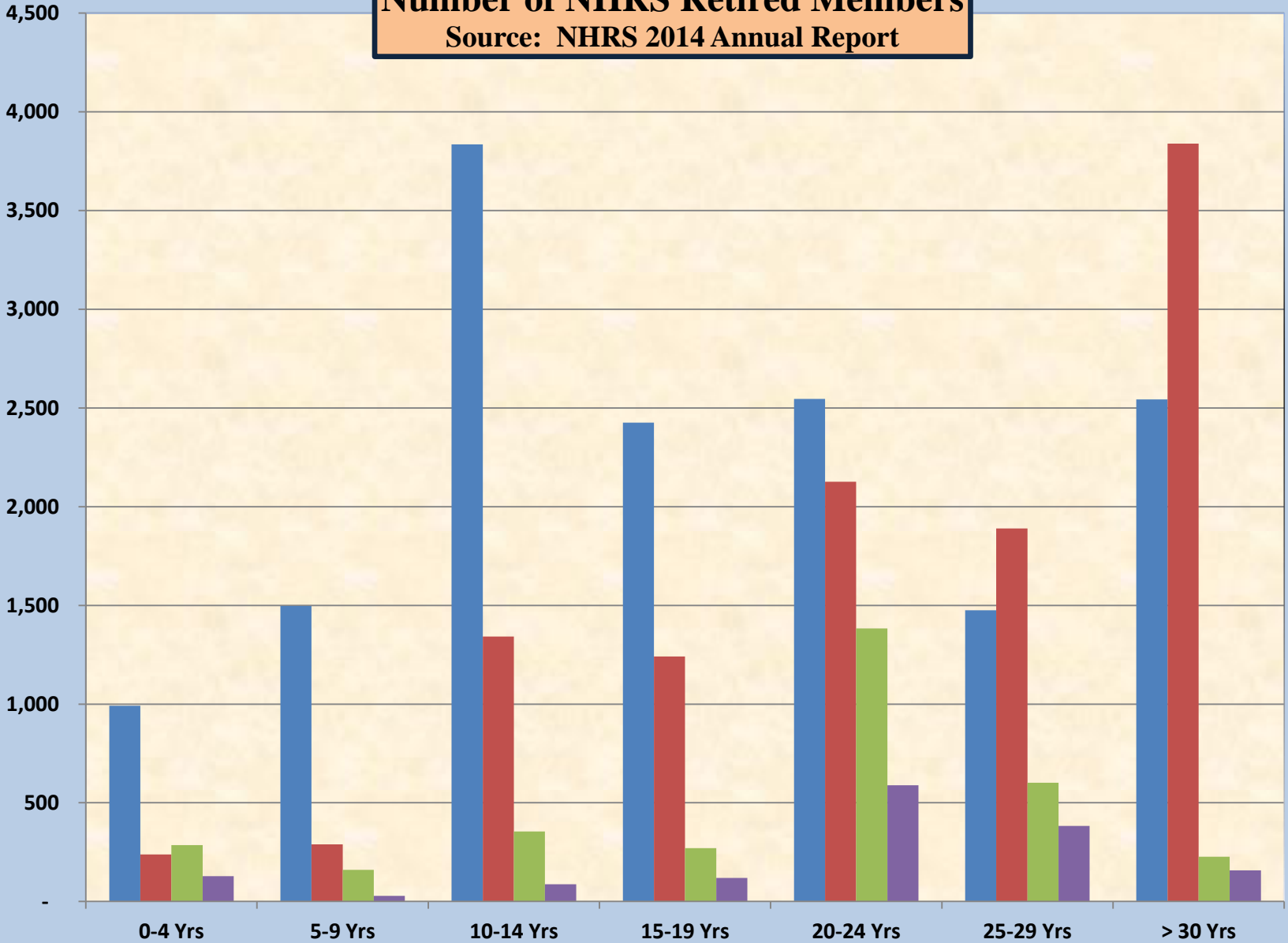
	July 1, 2013 – June 30, 2015		July 1, 2015 – June 30, 2017	
	FY 2014 and FY 2015 Police	FY 2014 and FY 2015 Fire	FY 2016 and FY 2017 Police	FY 2016 and FY 2017 Fire
<b>Normal Cost</b>	<b>17.45%</b>	<b>19.18%</b>	<b>16.61%</b>	<b>18.36%</b>
<b>Unfunded Liability</b>	<b>15.45%</b>	<b>16.41%</b>	<b>17.48%</b>	<b>18.76%</b>
<b>Total Cost</b>	<b>32.90%</b>	<b>35.59%</b>	<b>34.09%</b>	<b>37.12%</b>
<b>Member Contribution</b>	<b>11.55%</b>	<b>11.80%</b>	<b>11.55%</b>	<b>11.80%</b>
<b>Employer Pension</b>	<b>21.35%</b>	<b>23.79%</b>	<b>22.54%</b>	<b>25.32%</b>
<b>Employer Medical</b>	<b>3.95%</b>	<b>3.95%</b>	<b>3.84%</b>	<b>3.84%</b>
<b>Total Employer Rate</b>	<b>25.30%</b> <b>26.82% increase over previous year</b>	<b>27.74%</b> <b>21.19% increase over previous year</b>	<b>26.38%</b> <b>4.3% increase over previous year</b>	<b>29.16%</b> <b>5.1% increase over previous year</b>

**NHRS Average Annual Pensions**  
**Source: NHRS 2014 Annual Report**



**Years of Service**  
**Source: NHRS 2014 Annual Report**

**Number of NHRS Retired Members**  
**Source: NHRS 2014 Annual Report**



- Employees
- Teachers
- Police
- Fire

**Years of Service**  
**Source: NHRS 2014 Annual Report**

# Investments, Litigation and Legislation

- **Investment Returns**
- **Pending Litigation**
- **Proposed Legislation**

# Nashua FY2016 Projections

City of Nashua  
Pension Budget Analysis  
NHRS  
FY2015 and FY2016

Line No.		<u>FY2015 Budget Pension Expense</u>	<u>FY2016 Projected Pension Expense</u>	<u>Increase (Decrease)</u>
1	<b><u>Group I</u></b>			
2	Employees	\$ 3,185,250	\$ 3,386,140	\$ 200,890
3				
4	Teachers	\$ 8,468,625	\$ 9,652,857	\$ 1,184,232
5				
6	<b><u>Group II</u></b>			
7	Police	\$ 3,766,875	\$ 4,025,866	\$ 258,991
8				
9	Fire	\$ 3,818,125	\$ 4,113,913	\$ 295,788
10				
11	Total	<u>\$ 19,238,875</u>	<u>\$ 21,178,776</u>	<u>\$ 1,939,901</u>

# Nashua FY2016 Projections

## NHRS Medical Subsidy FY2015 - FY2016

<b>Line No.</b>		<b><u>FY2015</u></b>	<b><u>FY2016</u></b>	<b><u>Increase (Decrease)</u></b>
1	Employees	\$ 97,598	\$ 93,975	\$ (3,623)
2	Teachers	1,315,747	1,817,226	501,479
3	Police	588,109	586,024	(2,084)
4	Fire	<u>543,677</u>	<u>541,750</u>	<u>(1,927)</u>
5				
6	Total	<b><u>\$ 2,545,131</u></b>	<b><u>\$ 3,038,975</u></b>	<b><u>\$ 493,845</u></b>