

NHRS: Changes are Needed

1. In order to stabilize the retirement system, certain changes need to be made as to how it is funded. One of the changes is how the system accounts for its assets and liabilities. The current method delays the recognition of some liabilities to the extent that we now have unfunded liabilities in the system of over \$3 billion dollars.
2. Another change that must be made is how money flows into the Special Account. While this account pays for COLAs and other benefits, it is drawing too much money from the system and that is adding to the system's instability.
3. If the Special Account is changed, as it must be, no money will flow into that account for at least 10 years and probably 20 years.
4. There is enough money in the Special Account right now to give teachers a cost-of-living adjustment (COLA) of 2.5 percent for only three years.
5. Teacher retirees are looking at the probability of 7 to 17 years with no COLA.
6. The average teacher retirement income for teachers retiring in 2007 is about \$18,000. Many currently retired teachers receive less than that.
7. A plan to pre-fund an automatic COLA of 2 percent has been agreed to by several employer and employee organizations. This would solve the problem, and since both employers and employee groups agreed to it, it should pass without argument.
8. Teachers cannot afford to live on smaller pensions than group II retirees, police and firefighters, and the passage of the 2 percent pre-funded COLA is the only way to treat retirees fairly and with respect.

