



## **NEA-NH—Protecting Your Retirement Benefits**

The stability of your retirement system, your benefits and the cost of providing those benefits have been matters of intense discussion and debate for the past year. Events have been moving on these issues, sometimes at a glacial pace, other times at light speed. The Legislature is finally considering all of these issues.

### **How we will keep you informed**

Starting this week, NEA-NH will post updates on its [Web site](#), in addition to continuing communications through its list server (like this e-mail message) and in the *Educator*.

While list server e-mails are helpful, they are not the best medium for the delivery of detailed information. Look for longer documents and links on the NEA-NH Web site in the near future.

### **The problem**

While working on a resolution of the crisis in the post-retirement health care subsidy, employer and employee groups learned that the New Hampshire Retirement System Board of Trustees would lower the anticipated return on its investments. The board did this by lowering what is known as the actuarial assumption rate. This caused employer contribution rates to increase substantially. The resulting outcry from city and town managers and school boards—about the effect that would have on local tax rates—was reported widely in the press. Immediately, several bills were introduced in the Legislature that would take away certain member benefits. The changes proposed were dramatic, and detrimental to employees.

In an effort to deal with the increase in rates, and to see if a plan could be developed to stabilize the system, a group of employee and employer association representatives started to meet last summer. The intent was to address the future concerns of these groups. The participants believed that cooperation at the outset

might prevent confrontation later. To put this in its political context, it was only last year that we fought a late-session attempt to remove employee members from the NHRS Board of Trustees and give more power over your benefits to the Legislature.

As those meetings progressed, this "working group" learned that there was a \$3 billion, yes that's *billion*, unfunded liability in the retirement system. That money has to be paid into the system. It's not an option, it's your future benefits.

This obviously sent the group, including both employer and employee representatives, into shock. Besides all the other issues—increased rates, the eight or nine bills in the legislature and the healthcare subsidy—we now had to deal with this.

At the outset, the working group members agreed that, if consensus could be reached, the resulting plan would have to be approved by each group's governing bodies. The associations' governance would have the last say. After it appeared discussions within the group had broken down, a plan was finally developed after all.

As this work was going on, legislators grew increasingly anxious to move forward with a bill. It was clear to all who were observing that doing nothing was not an option. When legislators learned there was a plan, they asked for its contents as a starting point for their work. If they did not have the plan, they would consider the eight pieces of legislation that took away member benefits. That plan is now before the Retirement Subcommittee of the House Committee on Executive Departments and Administration. (ED&A)

This is just the beginning of a long, long process. There have already been changes to the plan and more will undoubtedly come. The NEA-NH Executive Board was to meet last Friday to discuss the plan, but the worst snow storm of the season prevented that meeting from taking place.

NEA-NH testimony before the Retirement Subcommittee outlined what we thought was good in the plan and what we thought was bad. As of this writing, the NEA-NH Board has not yet endorsed any plan, but has directed that we work with legislators to ensure a strong and stable system, protect your benefits, and work to eliminate as many contentious issues as possible, so that in the future we are not fighting to maintain benefits in front of potentially less friendly legislatures and governors.

### **Stay informed**

In the near future much, much more information will be posted on the NEA-NH Web site. Please check it often. I will continue to send e-mail notices via our list server, but they will not be as detailed as the information that we will post on the Web site.

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