



**DATE:** January 31, 2018

**TO:** Members of the Committee on Executive Departments and Administration

**FROM:** James Durkin, Legislative Director  
AFSCME Council 93

**RE:** HB1603; HB1757; and HB1754

Frank Moroney  
Executive Director

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On behalf of the more than 4,000 New Hampshire public-sector workers represented by AFSCME Council 93, I write to express our **SUPPORT** for the following bills:

- **HB 1603: An Act Relative to Employee Representation on the Independent Investment Committee in the New Hampshire Retirement System**
- **HB1757: An Act Relative to the Reduction in the Calculation of State Retirement Annuities at Age 65.**

We also wish to be recorded in **OPPOSITION** to the following bill:

- **HB 1754: An Act Establishing a State Defined Contribution Retirement Plan for State and Political Subdivision Members of the Retirement System**

Reasons behind our positions in support and opposition are outlined below:

***HB 1603: An Act Relative to Employee Representation on the Independent Investment Committee in the New Hampshire Retirement System***

This legislation would mandate that one gubernatorial appointee of the NHRS Independent Investment Committee be an active member of the NH Retirement System.

Research shows beneficiaries engage in more successful oversight of pension plans and given the tremendous amount of resources contributed to the fund by workers, providing them with a voice on the committee is a fundamental matter of fairness.

Much like an employee working at a company with an Employee Stock Ownership Program, active employees have a vested interest in ensuring the funds are well invested and will yield a solid return.

AFSCME Council 93, along with the NH Retirement Security Coalition do not want our support of this legislation to be construed as distrust of current committee members. Rather, we are simply advocating for an additional voice at the table, a voice of a worker with a strong vested interest in the success of the system.

***HB1757: An act Relative to the Reduction in the Calculation of State Retirement Annuities at Age 65.***

We support this legislation because simply put, the delay in the 10% reduction facilitated though the bill will make a significant positive impact to a worker's retirement until they receive a Social Security benefit. The additional time that these retired workers receive their full pension will enable them to live in dignity and modest comfort.

As I am sure committee members are aware, the ever-rising cost of living forces many senior citizens to make difficult financial choices and many have difficulty paying for such basic necessities as food, prescription drugs and utilities. By aligning the reduction with Social Security, the financial impact on these seniors and their families will be reduced.

***HB 1754: An Act Establishing a State Defined Contribution Retirement Plan for State and Political Subdivision Members of the Retirement System***

This legislation would convert the NH Retirement System from a defined benefit plan to a defined contribution plan for all workers hired after July 1, 2019. We view this as a poor policy choice for the state, taxpayers, and New Hampshire's municipalities. We also believe it would have a negative impact on the viability of the current system, put the benefits of current members at risk, and create economic uncertainty for future retirees.

It's important to note that the bill's fiscal note states the legislation would increase the current Unfunded Actuarial Accrued Liability (UAAL) by \$1.9 Billion. In short, New Hampshire can't afford a defined contribution plan. It's also important to note that there was not a single vote taken by the 2017 Decennial Commission to change the current defined benefit retirement plan to a defined contribution plan.

During the commission's discussion of this issue, officials from the Boston College Center for Retirement Research noted that NH's current plan provides very modest benefits with employers covering very little of the normal pension cost.

In addition, the UAAL that makes up the bulk of employer rates will be paid off in 2039. The NHRS is on a scheduled plan to correct the mistakes of the past and become fully funded. By then employer costs will very low and much less expensive that a DC plan.

Finally, according to research provided by the NH Retirement Security Coalition, defined contribution plans do not have a successful record of being implemented in other states. In several cases, states have replaced defined contribution plans with defined benefit plans due in large part to inadequate benefits and increased costs. Nebraska and West Virginia are two such examples.

We urge committee members to join us in protecting current and future retirees by opposing this legislation.

Thank you for your consideration. Should you have any questions or require any additional information please do not hesitate to contact me at 617-367-6012.