



January 31, 2018

Dear House Executive Departments and Administration Committee Members,

I am writing in support of HB 1757, a bill that will retain the 10% reduction in Group I retirement benefits but will take effect at the retiree's full retirement age for social security. This legislation corrects what NEA-NH believes is a financial burden for retired teachers, ESP, and education employees.

Before NEA-NH takes an official position on legislation, the bill is reviewed by our Government Relations Committee which is comprised of NEA-NH members. They are teachers, retirees, education support personnel, and other education employees. The committee makes its recommendation to our executive committee whose members are elected from the general NEA-NH membership.

Group I employees are teachers, education employees, state, county, and local employees. Until 1988 their pension reductions were in line with their Social Security eligibility. If the decision to reduce the pension for Social Security eligible retirees was to be made, it was common sense to have that reduction take effect when the retiree qualified to receive Social Security benefits. After 1988 the legislature changed this practice and simply reduced pensions at age 65.

So long as the Social Security eligibility age was 65, there was no financial hardship created for the retiree. As the Social Security eligibility age rose, pensioners, some of whom retired on a pension of less than \$20,000 a year, with some retiring with a pension of around \$10,000 a year, saw their pensions reduced by 10% with no offset in Social Security income. The age at which retirees can collect Social Security has increased which created an even greater window of reduced benefits with no ability to offset the pension reduction through Social Security.

While a 10% reduction may not sound like a great deal, for our members, given their retirement benefit amount, it is. I have spoken with members who experience the reduction and while they would like to supplement their income from outside employment, for health reasons, they are unable to do so. Dealing with the financial burdens of those health issues and with the reduction in their pension is overwhelming to them, and, given the legislature pre-1988 linked the reduction in pension benefits to Social Security, there is no need to keep the reduction at age 65.

On behalf of our 17,000 members, I am asking that you consider passage of the HB 1757 as a sound policy for the State of New Hampshire and a good policy for the many retirees who have worked hard for the people of New Hampshire.

Sincerely,



Rick Trombly
Executive Director



January 31, 2018

Dear Members of the House Executive Departments and Administration Committee,

Please allow me to introduce myself. My name is Rick Trombly and I am the Executive Director of NEA-NH. I had hoped to testify in person on HB 1754 but, unfortunately, I am unable to do so. Because of the importance of this legislation, I am writing explaining its impact on New Hampshire's teachers and education employees.

Legislative policy is set by our executive board after consultation with members through our Government Relations Committee. After considering HB 1754 NEA-NH cannot support this legislation.

The bill does not address a problem which needs correcting. It does the opposite. While it may be intended to reduce the costs of retirement, it actually places the state, municipalities, and school districts in a worse financial situation by requiring them to pay the Unfunded Accrued Liability on an accelerated basis. Further, this bill creates a \$1.9 billion price tag. With our governmental entities struggling with a resource draining opioid crisis and the need to improve an ailing infrastructure, now is not the time to create a \$1.9 billion debt.


Needless to say, school districts are struggling to make improvements to schools, built decades ago, that desperately need repairs, modernization, and safety improvements. They are doing this at a time when state building aid is reduced to the point of non-existence. With those priorities, it makes sense for the legislature to continue to follow the funding plan put in place by the legislature over a decade ago to deal with the Unfunded Accrued Liability and not artificially increase that obligation by voting for an unneeded bill.

We have not had our members express any desire to move from the current retirement system onto the retirement plan offered in HB 1754. Any argument that this bill provides an attractive alternative through which we can retain and recruit educators to our schools is incorrect and not based on a discussion with NEA-NH leaders or our members. NEA-NH members are more comfortable with a system such as we have now which provides them a level of security and predictability in their retirement years. Variances in the economic markets and their ability to live given market fluctuations has no appeal to them, nor will it appeal to new hires.

In conclusion, the 2017 Decennial Commission did not make a recommendation to shift from a defined benefit plan to a defined contribution plan. We support the commission's decision in that.

On behalf of the 17,000 members of NEA-NH I ask that you vote HB 1754 Inexpedient to Legislate.

Sincerely,



Rick Trombly
Executive Director