



January 31, 2018

Carol McGuire, Chairperson
Executive Departments and Administration Committee
New Hampshire House of Representatives
The State House
Concord, NH 03301

RE: HB1754-FN-L

Madam Chair and Esteemed Committee members:

My name is Stephen Arnold and I am the New Hampshire State Director of the New England Police Benevolent Association, representing nearly 1000 working Police Officers, Deputy Sheriffs, Fish and Game Officers, Liquor Enforcement Investigators and Probation and Parole Officers. I am a retired Portsmouth Police Detective, Past President of the NH Police Association and a Past Trustee of the NH Retirement System representing Group II members.

I write/speak to you adamantly opposed to this Bill. For several years now, the NH Legislature has heard repeated evidence and testimony from the NHRS as well as experts and actuaries that have all stated that creating a separate Defined Contribution (DC) retirement system is not feasible nor affordable. Creating this proposed DC system would put a financial burden on our communities and taxpayers due to the added costs of funding and managing a new system. This is not a prudent policy fix. In fact, it flies in the face of all the good work the NH Legislature has accomplished to date to repair the mistakes made with the current fund. It is estimated that creating a new DC plan would cost the State, municipalities and taxpayers approximately \$1.9 Billion. This would be one of the most egregious acts the legislature could impose on our municipalities and citizens.

Currently, the State has a responsibility to perpetually fund the existing Defined Benefit Plan until the last 78,000th member or beneficiary expires. Taking any money away from this obligation would be reckless and would ultimately close this system and choke off the funds needed to meet constitutional obligations.

The recently recessed Decennial Commission on Retirement Reform investigated this issue and again came to the same conclusion, as in years past, that creating a new system

is not beneficial nor affordable. The Boston College Center for Retirement Research told the Commission that the current system (DB) provides very modest benefits and that our employers are contributing below average (nationally) shares to the existing fund. Additionally, it was learned that many states that have attempted this action have failed. Contrarily, many states have created DB plans due to the failures of the DC plans in place. Two notable states that engaged in this process, for your informational purposes, are Nebraska and West Virginia.

Currently the State is engaged in a plan to fully fund the existing pension fund by 2039. Based on the past several years that this plan has been implemented has shown a successful path to fully funding the fund. Once the UAAL is realized the current fund will be much less expensive and affordable to both the employers and the beneficiaries.

Each year there is a small faction of legislators that introduce Bills of this nature contrary to the expert testimony. It is time that this matter be put to rest and move on to more important work on behalf of your constituents. Ignoring the hard work and ultimate recommendations of the Decennial Commission is illogical and reckless. I urge you to ITL this measure.

Thank you for your consideration.

Very truly yours,

Stephen J. Arnold, Sr., NH State Director
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