

SB108 Committee meeting 11/06/09 1:30 PM

Present – Sen. Cilley, Sen. Carson, Rep. McMahon, Rep. Gould, Rep. Hawkins

Minutes Approved.

Dick Ingram (NHRS) handed out letter from Gabriel Roeder Smith letter dated 10/14/09 containing 3 different algorithms to compute spiking charges that will be presented to the retirement board on 11/10/09.

Ken Albert and David Kausch from Gabriel Roeder Smith discussed formulas and what some other States do.

They look at 5 years of salaries to decide what employer rates should be.

End of employment payments are not included in active members salaries.

They then look at actual payments made to retirees. It shows pensions were higher than projected. This results in approximately 10% increase needed in employer contribution rates to make up the shortfall.

There are a number of factors that determine the rate – number of years worked, Pay rates, age at retirement, rate of termination etc.

To do community rating for each group (4) by Town or City would result in 1,600 different rates. \$10 million to rewrite software, it would also entail legal costs, administrative costs, actuarial costs amongst others.

Question is – Do we want spiking to continue or not? If yes do we want fair share or equalized?

Some states limit increases in compensation to 10 – 15% per year from prior year. They also limit end of employment payments to the same 10 – 15%.

What are the pay scales of these states versus N.H.?

HB641 had used formula #2 to calculate costs.

We need to review survey for next meeting.

Possibly have our own Manager review it.

Next meeting 12/2/09 1 PM SH103

Ken Hawkins Clerk