

# TAXPAYER ALERT: The State Retirement Fund

## Retirement system crisis

Since 1996, the New Hampshire Retirement System (NHRS), which provides the retirement benefits for most of the state's teachers, firefighters, police, municipal, and state employees, has built up a huge unfunded liability leaving employees' retirement security in question. Since 1996, the retirement system and the state obligation to pay additional retirement benefits and healthcare costs have grown to a Total Unfunded Liability of \$7 Billion. The pension money these workers are counting on has been under-funded and mismanaged. Furthermore, the cities and towns are responsible for 30%-35% of the burden (\$2.5 billion) and will have to pay the balance of the overdrawn account from local property taxes.

(Source: November 4, 2008 New Hampshire General Obligation Capital Improvement Bond Statement & [www.nhpolicy.org/reports/retirement2007.pdf](http://www.nhpolicy.org/reports/retirement2007.pdf))

## New Hampshire Retirement System Unfunded Obligations Seven Billion Dollars

The New Hampshire Retirement System (NHRS) is facing a crisis stemming from unfunded pension obligations that threaten the fiscal health of the state. The New Hampshire Center for Public Policy Studies, an independent, nonpartisan organization that pursues data-based research on public policy matters, estimated in September, 2007 that "Legislative promises made to state and local government employees and retirees **will be increasingly difficult to honor without increasing state and local taxes.**"

The 2003 and 2005 NHRS valuation reports show that within just a two year period, the actuarial funding ratio of the NHRS fell from about 80% to 60%. The chart on the right shows the unfunded pension obligations of the State of New Hampshire as of 2006.

From 2000 to 2006, the accrued liabilities of the pension fund increases by almost \$3 billion, while the net assets held for benefits increased by only about \$800 million.

However, this underestimates the overall shortfall of the retirement system. In 2008, in its General Obligation Capital Improvement Bond Statement (November 4, 2008), the State of New Hampshire disclosed the following overall retirement system obligations (figures in millions):



Unfunded Pension liability	\$2,519.3 million
Additional asset decline, from 6/30/2008 to 10/24/2008	\$1,430.0
Postemployment Health Benefit liability	\$494.70
Other Postemployment Benefits liability	\$2,559.5
Judicial Retirement System liability	\$4.3
<b>TOTAL</b>	<b>\$7,007.8 million</b>

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