

## New limits placed on pensioner work hours

### Employers expected to self-police

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CONCORD — Public pensioners in the New Hampshire Retirement System were notified Tuesday that a revised law now bars them from working one or more part-time public jobs for more than a total of 32 hours a week.

Previously, retired public employees were allowed to draw a pension while working as many as 32 hours a week at a Group I job (educators and general government employees) and an additional 32 hours at Group II (police and fire) jobs.

Exceptions in a newly revised statute are made for per diem court security officers and bailiffs. Also excluded from the 32-hour limit are pensioners who work post-retirement as chief municipal officers, including city managers and town administrators.

That includes former Portsmouth Police Chief Michael Magnant, who collected a pension of \$116,705.28 last year — the fourth highest pension in the state. Magnant retired in July 2009, and a month later began working as Rye's town administrator.

The new law does not affect public pensioners working post-retirement jobs in the private sector.

New Hampshire Retirement System spokesman Marty Karlon said, "no one has a handle on how many retirees work part-time because the law doesn't require NHRS employers to report wage information on part-timers to the retirement system."

State Sen. Jeb Bradley, a prime sponsor of recent pension reform legislation, said Tuesday that public employers will be expected to be aware of the new law and not hire retirees for more than 32 hours a week. He said the revised legislation allows people to collect pensions while working part-time "in professions they know," while preventing them "from gaming the system."

On Monday, the Washington-based Pew Center on the States released a report announcing the "gap between the promises states have made for public employees' retirement benefits and the money they have set aside grew to at least \$1.38 trillion in fiscal year 2010, resulting in a 9 percent increase in one year."

Karlon said Tuesday that the NHRS' current unfunded liability — the difference between money on hand and promises made to retirees — is \$4.26 billion. In January, Karlon said New Hampshire's unfunded liability was \$4.25 billion.

Bradley said the liability has grown recently because the NHRS lowered the rate of assumption, from 8.5 percent to 7.75 percent, based on information from national "investment gurus."

The unfunded liability is attributed to market losses and municipalities' 16-year "pension holiday," when the NHRS was deliberately unfunded. Bradley also noted that \$900 million was taken from the NHRS and used to pay public health subsidies during "good times."

Recent legislative changes now requiring public workers to pay more, work longer and not include end-of-career payouts in pension calculations will contribute to a healthier pension system "in the long run," Bradley said.

"We took some slings and arrows from our friends in labor, but we had to do it," he said. "It was postponed for way too long."

Bradley said the next step he'd like to take regarding the state's pension liability would be to establish a committee composed of public employees and employers, lawmakers, and pension experts to review establishing a defined contribution plan for state workers.

"You don't turn the ship around overnight," Bradley said. "There's no magic bullet."

The NHRS has about 50,000 active members and 27,000 pensioners receiving lifetime pensions from a trust fund valued at \$5.9 billion at the close of the fiscal year ending June 30, 2011. It provides retirement, disability and death benefits to members and their beneficiaries and is funded by members, taxpayers and returns on investments.