



NHRS

New Hampshire Retirement System

BOARD OF TRUSTEES GOVERNANCE MANUAL

As of February 13, 2024

The Governance Manual is intended as a reference guide for the N-RS Board of Trustees and staff. It is approved by the Board each February to reflect changes in policies and governance in the prior calendar year, and, to update plan information and resources. The currently published version may not include changes that have occurred since it was last approved by the Board. The Governance Manual is not intended to be legal authority for the administration of N-RS, which is governed by the applicable statutes, administrative rules, policies, and procedures.

New Hampshire Retirement System
54 Regional Drive
Concord, NH 03301
Phone: (603) 410-3500

TABLE OF CONTENTS

I.	Introduction and Purpose	4
II.	Overview of the Retirement System	5
III.	Board Responsibilities	7
IV.	Trustee and IIC Responsibilities	8
V.	Officers of the Board	9
VI.	Board Committees and Assignment	10
	1. Legislative Committee Charter	11
	2. Audit Committee Charter	13
	3. Governance Committee Charter	16
	4. Benefits Committee Charter	18
	5. PPCC Charter	20
VII.	Delegation by the Board	22
	1. Executive Director Position Description	22
	2. Executive Director Evaluation Criteria and Process	23
VIII.	Board Meeting Protocol	24
	1. Open Meetings Laws	24
	2. Agenda Setting	25
	3. Agenda Items.....	25
	4. Consent Agenda	25
	5. Action Items	25
	6. Information Only Items.....	25
	7. Rules of Order	25
IX.	Board Conduct Policies	26
	1. Ethics Policy	26
	2. Indemnification Policy	34
	3. Political Contributions Policy	39
	4. Communication Policy	47
	5. Education Policy	49
	6. Travel Policy	54
	7. Board Self Evaluation Policy	56
	8. Trustee Employer Reimbursement Policy	57
X.	Plan Governance Policies	
	1. Audit Policy	58
	2. Procurement Policy	60
	3. Strategic Planning Policy	62
	4. Pension Recoupment and Hardship Policy	64

5. Voluntary Correction Program Policy	69
6. Funding Policy.....	84
7. Fraud Policy	92
XI. Appendices	
Appendix A.....	97
1. Political Contribution Disclosure Form	97
2. Standard Of Conduct Questionnaire For Service Providers	100
Appendix B	104
1. Educational Opportunities.....	104
2. Continuing Education Request Form	105
3. Education Evaluation Form.....	106
4. Retirement Industry Periodicals and Websites	109
Appendix C Expense Reimbursement Form.....	110
Appendix D.....	112
1. Executive Director Evaluation Form.....	112
2. Board Self-Evaluation Form.....	119
Appendix E Strategic Business Plan	123
Appendix F Trustee Information and Committee Assignments	124
XII. Exhibits	
Exhibit 1: Membership Information	127
Exhibit 2: Investment Information	128
Exhibit 3: Organizational Chart.....	130
Exhibit 4: Professional Service Providers	131

I. INTRODUCTION AND PURPOSE

The Board of Trustees of the New Hampshire Retirement System (the “Board” and “NHRS”, respectively) recognizes that sound governance practices are essential to fulfilling its fiduciary duties and responsibilities. This Governance Manual has been prepared to explain the roles, responsibilities, policies, procedures, and activities of the Board of Trustees. It also serves as an orientation guide for new Trustees and an on-going reference manual for the Trustees and NHRS staff.

The contents of this Manual are to be construed in harmony with federal and state law. If anything in this Manual is contrary to law, the law prevails. Any questions about the contents of this manual can be directed to the Board Chair, the Executive Director, or the Chief Legal Counsel.

The Board will review the policies and overall content of the Governance Manual regularly. The Board is empowered to make policy or procedure modifications to the Manual by a 2/3 vote.

The purpose of this Governance Manual is to:

- Describe the roles and responsibilities of the Board of Trustees as a Board, the individual Trustees in their role as such, and the Committees of the Board;
- Establish a Board Meeting Protocol and Committee Charters that provide for the manner in which the Board will conduct itself so as to enable the Board to carry out its responsibilities as effectively and efficiently as possible, and in accordance with state and federal law;
- Set forth, and ensure compliance with, policies and procedures established by the Board so as to enable the Board of Trustees to fulfill its statutory and fiduciary responsibilities;
- Facilitate the organized, efficient, and cohesive functioning of the Board;
- Facilitate effective communication among the Trustees, staff, plan members, employers, and other external parties;
- Define responsibility and accountability between the Board and staff for hiring and monitoring outside service providers; and
- Document the method by which the Board will evaluate the Executive Director on a regular basis.

II. OVERVIEW OF THE RETIREMENT SYSTEM

History

The New Hampshire Retirement System (NHRS) was established in 1967 to consolidate and replace four separate pension plan systems: the New Hampshire Teachers Retirement System, the New Hampshire State Employees' Retirement System, the New Hampshire Policemen's Retirement System, and the New Hampshire Permanent Firemen's Retirement System. NHRS provides service retirement, disability, and survivor benefits for most full-time state employees, employees of political subdivisions, public school teachers and administrators, permanent police officers, and permanent firefighters.

NHRS was created by the New Hampshire Legislature and is a qualified (tax-exempt) governmental plan within the meaning of the United States Internal Revenue Code. The legal authority for NHRS to mandate contributions, control investments, and administer benefits can be found in RSA 100-A, the NH Constitution, and the Internal Revenue Code. NHRS functions as an independent unit of State government. It is not part of the executive or legislative branch of State government.

Board of Trustees

NHRS is governed by a Board of Trustees made up of 13 members and is charged with oversight of the administration of benefits and the investment of assets. The Trustees are fiduciaries, and as such have the highest standard of law placed upon them. Each is expected to discharge his or her duties with the utmost honesty and integrity and to act solely in the interest the members, retirees, and beneficiaries for the exclusive purposes of providing benefits and paying the reasonable expenses of administering NHRS.

The State Treasurer is an ex officio voting member of the Board. The Governor and the Executive Council appoint four nonmember Trustees, who must be qualified persons with institutional investment and/or financial experience and are not members of NHRS.

Of the remaining eight Trustees, one comes from each of the four member classifications: employee, teacher, police, and fire. Members are nominated by the respective employee organizations and the Governor and the Executive Council appoint the member Trustees from this slate of candidates. In addition, the Governor and the Executive Council appoint four Trustees from a slate of candidates nominated by each of the four employer groups: local government, counties, schools, and the State.

All Trustees serve for a term of three years and may remain on the Board in holdover status until they are reconfirmed or until their successors are appointed and qualified. Whenever a vacancy occurs, the Governor and the Executive Council appoint a new Trustee to serve out the unexpired term from the same panel from which the former member was appointed. The governor shall designate one of the nonmember Trustees to serve as Chairman of the Board of Trustees.

The Board may establish committees under RSA 100-A to assist in the administration of NHRS, of which only the Audit Committee is required by statute.

Membership

Membership is mandatory for most full-time public employees. Statistical information regarding membership is located in the Exhibit 1 and is updated annually.

Contributions

NHRS is funded through a combination of employer and employee contributions, and investment earnings. Employer contributions rates are set by the Board of Trustees in accordance with statutory provisions. Employee contributions rates are set in RSA 100-A.

Benefits

NHRS is a public defined benefit pension plan, meaning that the benefits are guaranteed and based upon an employee's years of service, salary history, and age. The benefits provided by NHRS include service retirement annuities and disability retirement annuities payable to eligible members as well as survivor annuities, death benefit payments payable to the designated beneficiaries, and a medical subsidy benefit.

Investments

Investment of NHRS's assets is conducted by the Independent Investment Committee (IIC) and NHRS staff. Investment policy is set by the Board. For a detailed description, see NHRS Investment Manual. Current investment information can be found in Exhibit 2 and is updated annually.

Operations

NHRS operates from one office located at 54 Regional Drive, Concord, New Hampshire. The Board hires an Executive Director to manage the day-to-day operations of NHRS. The current organizational chart for NHRS can be found in Exhibit 3. Information about the current outside professional service providers to NHRS can be found in Exhibit 4.

III. BOARD RESPONSIBILITIES

The Board of Trustees has certain responsibilities set forth in State law and also other inherent responsibilities that are necessary for its prudent oversight of NHRS.

Together these include the responsibility or authority to:

- Adopt a strategic plan that is consistent with the statutory mandate and core values that set forth proper standards of behavior. The current strategic plan is contained in the Appendix E of this manual;
- Establish governance policies to guide the Board in an effective and efficient manner. Those governance policies are contained in this Governance Manual;
- Establish standing and special committees of the Board, as necessary. The Committees are contained in Section VI of this manual;
- Articulate and adopt policies. Those policies are contained in Section IX of this manual;
- Adopt an Investment Policy consistent with statutory requirements and current best industry practices including an appropriate asset allocation policy;
- Hire the necessary professionals (e.g., actuaries, investment consultants, and legal counsel) to support the operation of NHRS;
- Approve a Comprehensive Annual Investment Report, prepared by the IIC, for submission to the President of the Senate, the Speaker of the House, and the Governor;
- Adopt a funding policy with necessary employer contribution rates to keep NHRS actuarially sound;
- Adopt reasonable actuarial assumptions and methodologies upon the advice of the NHRS actuary;
- Adopt a prudent administrative budget on a biennial basis and monitor compliance;
- Ensure that an independent audit of NHRS's financial statements takes place each year;
- Evaluate those to whom duties have been delegated on a regular basis;
- Keep a record of all its proceedings;
- File an Annual Comprehensive Financial Report for submission to the President of the Senate, the Speaker of the House, the Governor and the Commissioner of Administrative Services;
- Provide annual statements to active members; and
- Report recent Board actions quarterly to the General Court.

As NHRS's plan sponsor, the New Hampshire Legislature is responsible for establishing:

- The structure of the Board of Trustees and the Independent Investment Committee;
- The types, levels, and funding of benefits to be provided; and
- The rate for employee contributions and the method for determining the rate for employer contributions.

IV. RESPONSIBILITIES OF TRUSTEES AND IIC COMMITTEE MEMBERS

In order for NHRS Trustees and IIC Committee Members to meet their collective responsibilities, each Trustee, and IIC Member, has a personal responsibility to uphold the highest fiduciary standards and actively contribute to the governance of NHRS.

Each Trustee and IIC Member is responsible for:

- Working constructively with other Trustees and IIC Members, in their appropriate roles, to set or support the strategic direction of NHRS;
- Interacting appropriately with NHRS staff, outside service providers, employers, members, retirees, beneficiaries, and others;
- Discharging his or her fiduciary duties with prudence, solely in the interest of all members and beneficiaries, and for the exclusive purpose of providing benefits, in accordance with the laws governing NHRS;
- Incurring only reasonable expenses in carrying out his or her duties as a Trustee or Committee Member;
- Preparing for Board and Committee meetings by reading materials provided in advance of the meeting and asking questions of staff;
- Attending Board and Committee meetings and participating in discussion;
- Respecting open meetings laws by not convening meetings with fellow Trustees or Committee Members outside properly noticed meetings and not entering into non-public session for reasons other than those outlined in RSA 91-A;
- Acquiring and maintaining knowledge to effectively make decisions and evaluate those to whom duties have been delegated by reading publications and attending educational conferences related to NHRS business;
- Promptly reporting any ethical concerns to the Board Chair, Vice Chair, or Chair of the IIC pursuant to the Code of Ethics. The Audit Committee Chair and/or the Chief Legal Counsel may also be copied on such reports;
- Using reasonable care to prevent any other NHRS fiduciary from committing a breach of fiduciary duty;
- Avoiding conflicts of interest or even the appearance of conflicts of interest and disclosing conflicts of interest as required by statute or administrative rules;
- Refraining from any self-dealing with NHRS assets or using NHRS to promote a personal business or to gain financial rewards; and,
- Maintaining confidentiality of member and beneficiary records and certain investment activity pursuant to law or NHRS policy.

V. OFFICERS OF THE BOARD

The Board has three officers: a Chair, a Vice-Chair and an Executive Director. The Chair is one of four non-member Trustees and is designated by the governor. The Vice-Chair is another non-member Trustee of the Board. The Executive Director acts as the Board Secretary. Responsibilities for the officers are listed below.

Board Chair

The Board Chair is charged with ensuring the integrity of the Board's decision-making processes, leading the Board meetings, facilitating discussions and motivating the Board to be as effective as possible in fulfilling its responsibilities and duties. Toward these ends, the Board Chair:

- Presides over Board meetings;
- Develops the meeting agendas in conjunction with the Executive Director;
- Certifies any actions taken by the Board, when required; and,
- Performs such additional duties as provided herein or as may be set by resolution of the Board.

As provided by statute, the Board Chair appoints Trustees to the subcommittees. In addition, the Board Chair also appoints up to two Trustees to the IIC. Committee chairs serve one year terms or until a successor is chosen.

Board Vice-Chair

The Vice-Chair presides over meetings in the absence or incapacity of the Board Chair and fulfills such other duties and responsibilities as assigned by the Board Chair or the Board. The Vice-Chair is appointed by the Chair on an as-needed basis.

Executive Director

The Executive Director, or designee, has the following duties and responsibilities with respect to the Board:

- Maintain a current list of the membership of the Board and of each committee;
- Notify Trustees and the public of Board, subcommittee and IIC meetings;
- Coordinate and disseminate information to the Trustees and IIC;
- Maintain official minutes and records of all proceedings of the Board and IIC;
- Respond to requests received by NHRS under the Right to Know Laws;
- Accept service of process on behalf of the Board;
- Prepare, prior to each meeting, an agenda for review and use by the Board Chair, and,
- Coordinate presentation of agenda items to the Board.

The duties and responsibilities of the Executive Director in other matters are enumerated in Section VII herein.

VI. BOARD COMMITTEES AND ASSIGNMENT

Standing Committees

In addition to the Audit Committee which is required under RSA 100-A:14-a, the Board may establish such other standing committees as it determines are necessary or helpful in fulfilling its responsibilities more efficiently and effectively or as required by law. The purpose, duties, and authority of the standing committees will be carefully set forth in written charters which are not to conflict with the general provisions of this Governance Manual or law. If anything in a committee charter is contrary to law, the law prevails. Once created, a standing committee shall remain in existence until such time as the Board or the legislature takes the necessary action to dissolve it.

Standing committees are to focus their efforts on policy matters of material significance to NHRS Board. Standing committees ordinarily will assist the Board by preparing policy alternatives and implications for full Board deliberation and action.

A standing committee does not speak or act for the Board, unless the Board specifically delegates such authority to it for a specific purpose.

All Trustees shall be notified of the time and place of all committee meetings. Trustees may choose to attend any committee meeting, regardless of whether or not they are members of the committee. All Trustees may participate in committee discussions at the discretion of the committee Chair, but may only vote in committees in which they are members.

In addition to the Audit Committee, the Board has established the following standing committees: Legislative, Governance, Benefits, and Personnel Performance and Compensation Committee (PPCC).

Special Committees

The Board may establish special ad hoc committees, as needed, to carry out specified tasks. Upon completion of the task for which it was established, and presentation of its final report to the Board, a special committee shall cease to exist.

Legislative Committee Charter - Revisions approved at the September 12, 2023 NHRS Board meeting.

Purpose

The purpose of the Legislative Committee is to:

- 1) Assist the Board in identifying, monitoring and reviewing proposed pension-related legislation that could impact NHRS, its members or retirees;
- 2) Develop its legislative agenda and positions on proposed pension-related legislation that could have a fiduciary or administrative impact on NHRS, its members or retirees; and
- 3) Provide such other legislative related services or support as may be assigned to it by the Board.

Authority

The Legislative Committee has the authority to:

- Draft proposed legislation to clarify the administration of the Plan as set forth in RSA 100-A for review and approval by the Board for consideration by the Legislature;
- Recommend that the Board authorize additional analysis of any proposed pension-related legislation that could have a fiduciary or administrative impact on NHRS, its members or retirees; and
- Recommend that the Board take a position on any proposed pension-related legislation that could impact NHRS, its members or retirees.

The Committee is not authorized to take positions on matters of policy which are reserved to the Legislature as plan sponsor, nor is it authorized to expend funds unless such expenditure is deemed to be solely for the benefit of the members or beneficiaries and approved by the full Board.

Composition

The Legislative Committee will consist of up to five members appointed by the Board Chair. The Chair of the Legislative Committee will also be appointed by the Board Chair.

Meetings

The Committee shall meet at least twice per year, with the authority to convene additional meetings, as circumstances require. The Committee shall also meet as soon as possible after new legislation is introduced affecting NHRS. Meetings will be held in accordance with New Hampshire open meeting requirements under RSA 91-A and RSA 100-A:14-a. All committee members are expected to attend each meeting in person or via teleconference or video-conference. The Committee may invite members of staff or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of the meeting discussions and decisions will be prepared by

the staff. Any Trustee may attend the Committee's meetings and participate in discussions; however, only Committee members may vote.

Staffing

The Executive Director will appoint a senior staff member who will act as staff liaison to the Committee. NHRS staff will assist the Committee in the discharge of its responsibilities.

Responsibilities

The Committee will carry out the following responsibilities:

- Develop positions on legislation that impact the Board's fiduciary duty;
- Develop with staff a legislative agenda for NHRS;
- Regularly report to the Board of Trustees about Committee activities, issues, and related matters;
- Obtain regular reports from staff regarding legislative matters;
- Perform other activities related to this Charter as requested by the Board of Trustees; and,
- Review its Charter at least annually and make recommendations to the Board for approval and adoption of the Charter, including any revisions as may be deemed appropriate.

**Audit Committee Charter - Revisions approved at the September 12, 2023
NHRS Board meeting.**

Purpose

The purpose of the Audit Committee of the Board of Trustees is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the systems of internal control, the internal and external audit processes, and the process for monitoring compliance with laws, regulations and the Board’s Ethics Policy.

Authority

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility consistent with RSA 100-A. It is empowered to:

- Select a qualified independent auditor to conduct audits pursuant to RSA 100-A:15, VI;
- Resolve any disagreements between management and the internal or external auditor regarding financial reporting; internal controls and compliance with applicable laws, regulations and the Ethics Policy;
- Approve all audit and non-audit services to be performed by the external auditors;
- Recommend independent counsel, accountants, or others to the full Board for final approval to advise the committee or assist in the conduct of a fiduciary review or an investigation;
- Seek any information it requires from employees (all of whom are directed to cooperate with the Committee’s requests) or external parties, and,
- Meet with officers, internal and external auditor as necessary.

Composition

The Audit Committee will consist of up to five members appointed by the Board Chair. The Chair of the Audit Committee will also be appointed by the Board Chair. The State Treasurer shall be a permanent member.

Meetings

The Audit Committee will meet at least six times a year, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting in person or via teleconference or video-conference. Meetings will be held in accordance with New Hampshire open meeting requirements under RSA 91-A and RSA 100-A:14-a. The Committee may invite members of staff or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of the meeting discussions and decisions will be prepared by the staff. Any Trustee may attend the Committee’s meetings and participate in discussions; however, only Committee members may vote.

Staffing

The Executive Director will appoint a senior staff member who will act as staff liaison to

the Committee. NHRS staff will assist the Committee in the discharge of its responsibilities.

Responsibilities

The Audit Committee will have the following responsibilities:

Financial Statements:

- Review significant accounting and reporting issues, including complex or unusual transactions and highly subjective areas, and recent professional and regulatory pronouncements, and assess their impact on the financial statements;
- Review with management and the internal and external auditors the results of their respective audits, identifying any difficulties encountered;
- Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;
- Review and approve the Annual Comprehensive Financial Report before release and consider the accuracy and completeness of the information;
- Review with management and the external auditor all matters required to be communicated to the Committee under Generally Accepted Governmental Auditing Standards; and,
- Review interim financial reports with management and the external auditors before filing as required by statute, and confirm they are complete and consistent with the information known to Committee members.

Internal Control:

- Consider the effectiveness of internal control systems, including information technology security and control; and,
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit:

- Review with the Executive Director and the Internal Auditor the activities, staffing, and annual work plan for the internal audit function;
- Review the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing;
- On a regular basis, meet with the Executive Director and Internal Auditor to discuss any matters that should be brought before the Committee; and,
- Provide input for the Executive Director to consider when preparing the Internal Auditor's annual performance review.

External Audit:

- Review the external auditors' proposed audit scope, contract terms, and approach, including coordination of audit effort with internal audit;

- Review the performance of the external auditors, and exercise final approval on the appointment or termination of the auditors; and,
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and NHRS, including non-audit services, and discussing the relationships with the auditors.

Compliance:

- Review the effectiveness of NHRS for monitoring compliance with laws and regulations, the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance;
- Review the findings of any examinations by regulatory agencies and any external auditors;
- Review the process for communicating the Ethics Policy to personnel, the Board and the Independent Investment Committee, and for monitoring compliance therewith; and,
- Obtain regular updates from the Executive Director or Internal Auditor regarding compliance matters.

Reporting Responsibilities:

- Regularly report to the Board of Trustees regarding Audit Committee activities, issues, and related recommendations;
- Provide an open avenue of communication between the Internal Auditor, the external auditors, and the Board of Trustees; and,
- Review any other reports NHRS issues that relate to Audit Committee responsibilities.

Other Responsibilities:

- Institute and oversee special investigations, as needed;
- Oversee an actuarial peer audit on a periodic basis as recommended by the GFOA and approved by the Board, unless there has been a change in actuarial firms since the last actuarial audit;
- Perform other activities related to this Charter as requested by the Board of Trustees, and;
- Review its Charter at least annually and make recommendations to the Board for approval and adoption of the Charter, including any additions, deletions or modifications, as may be deemed appropriate.

Governance Committee Charter - Revisions approved at the November 12, 2023 NHRS Board meeting.

Purpose

The Governance Committee has been established as a standing committee to support the NHRS Board in promoting the best interests of NHRS, its members, retirees, and beneficiaries through the implementation of sound Board governance policies and practices that enhance good, fair, and open decision-making.

Authority

The Committee has the authority to review data, historical information, consultants' reports, and any other documents it deems reasonably necessary to form an opinion on the issues it reviews. The Committee also has the authority to carry out any responsibilities delegated to it by the Board of Trustees.

The Committee also has the authority to call upon the Executive Director or designee, and NHRS's service providers to assist it in carrying out its responsibilities. The Committee has the Board-delegated authority to request the hiring of outside service providers (auditors, researchers, etc.), to assist it in carrying out its responsibilities, pursuant to NHRS Procurement Policy in effect at the time of such requests.

Composition

The Governance Committee will consist of up to five members appointed by the Board Chair. The Chair of the Governance Committee will also be appointed by the Board Chair.

Meetings

The Committee shall meet at least twice per year, with the authority to convene additional meetings, as circumstances require. All Committee members are expected to attend each meeting in person or via teleconference or video-conference. Meetings will be held in accordance with New Hampshire open meeting requirements under RSA 91-A and RSA 100-A:14-a. The Committee may invite members of staff or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of the meeting discussions and decisions will be prepared by staff. Any Trustee may attend the Committee's meetings and participate in discussions; however, only Committee members may vote.

Staffing

The Executive Director will appoint a senior staff member who will act as staff liaison to the Committee. NHRS staff will assist the Committee in the discharge of its responsibilities.

Responsibilities

The Governance Committee has the following responsibilities:

- Monitor and evaluate best governance practices in the public retirement industry in order to report and recommend to the Board any changes applicable to NHRS;
- Recommend to the Board what duties should be retained by the Board, and what duties should be delegated to committees or staff;
- Recommend changes, as needed, on the timing, amount, and types of information the Board receives in advance of meetings;
- Evaluate legislative proposals relating to Board governance and make recommendations to the Board on positions to take;
- Review and make recommendations to the Board about the content of the Board Governance Manual;
- Recommend the roles and responsibilities of the various committees for consideration by those respective committees;
- Ensure charters for each committee are annually reviewed and revised if necessary, approved by the Board, and adopted into the Governance Manual;
- Oversee the process by which Board policies are reviewed for accuracy, and updated if necessary, on an annual basis;
- Recommend changes in the functioning of the Board meetings to improve effectiveness and efficiency;
- Encourage the Board to participate in regular self-assessment;
- Receive input from the members, business partners, and other interested parties on suggestions for improving Board organization and functions;
- Review and make recommendations to the Board relating to the selection of outside legal counsel;
- Review and approve the annual renewal of the fiduciary and cyber insurance policies.
- Perform other activities related to this Charter as requested by the Board of Trustees; and,
- Review this Charter at least annually and make recommendations to the Board for approval and adoption of the Charter, including any revisions, as may be deemed appropriate.

**Benefits Committee Charter - Revisions approved at the November 12, 2023
NHRS Board meeting.**

Purpose

The New Hampshire Retirement System Board of Trustees has established a Benefits Committee in order to assist the Board of Trustees in creating efficiencies, improving services to members and beneficiaries and any other actions referred to it by the Board for recommended action. The Committee will also make recommendations to the Board on findings, procedures, and statutory interpretations related to benefits and service levels.

Authority

The Committee shall have the authority to carry out all responsibilities as delegated to it by the Board of Trustees relative to the administration of benefits and delivery of services to members and beneficiaries. The Committee may direct staff to undertake research and analysis on issues related to benefits and services and to seek relevant information from the firms (actuarial, legal, technology, public pension plan consultant, etc.) that provide services to the Board to assist the Committee in carrying out its responsibilities.

The Committee has the Board-delegated authority to request the hiring of outside service providers (auditors, researchers, etc.), to assist it in carrying out its responsibilities, pursuant to NHRS Procurement Policy in effect at the time of such requests.

Composition

The Benefits Committee will consist of up to five members appointed by the Board Chair. The Chair of the Benefits Committee will also be appointed by the Board Chair.

Meetings

The Committee will meet monthly or more frequently as needed. All committee members are expected to attend each meeting in person or via teleconference or video-conference. Meetings will be held in accordance with New Hampshire open meeting requirements under RSA 91-A and RSA 100-A:14-a. The Committee may invite members of staff or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of the meeting discussions and decisions will be prepared by staff.

Any Trustee may attend the Committee's meetings and participate in discussions; however, only Committee members may vote.

Staffing

The Executive Director will appoint a senior staff member who will act as staff liaison to the Committee. NHRS staff will assist the Committee in the discharge of its responsibilities.

Responsibilities

The Committee will have the following responsibilities:

- Provide clarification, as needed, on statutory and administrative requirements related to benefits and services;
- Develop policies for recommendation to the Board regarding efficient benefits administration to ensure best practices;
- Make recommendations to the Board regarding necessary legislative, administrative rules, or policy changes related to benefits and service levels;
- Act as the Board's delegatee in making initial determinations regarding disability retirement applications or, if necessary and appropriate, refer such determinations to the full Board;
- Review and make recommendations to the Board relating to applications and appeals for benefits under RSA 100-A;
- Review and make determinations relating to recoupment matters in accordance with the Pension Recoupment and Hardship Policies;
- Review and make recommendations to the Board relating to ongoing litigation involving benefits;
- Perform other activities related to this Charter as requested by the Board of Trustees; and,
- Review its Charter at least annually and make recommendations to the Board for approval and adoption of the Charter, including any revisions as may be deemed appropriate.

**Personnel Performance and Compensation Committee Charter - Revisions
approved at the September 12, 2023, 2021 NHRS Board meeting.**

Purpose

The purpose of the Personnel Performance and Compensation Committee (PPCC) is to provide oversight and review of performance, compensation and benefits of the Executive Director and NHRS staff. The PPCC provides advice and counsel to the Executive Director with regard to matters concerning organizational structure; management performance; employee compensation; human resources policies, programs and plans; collective bargaining; management development; and continuity plans.

Authority

The PPCC has the authority to:

- Oversee and manage the process of hiring the Executive Director;
- Develop and implement methodology for reviewing the performance of the Executive Director;
- Make recommendations to the Board with respect to compensation or other terms and conditions relating to the employment of the Executive Director;
- Review proposed actions of the Executive Director pertaining to human resource policies, organizational structure, staffing, compensation, employee development and training programs and collective bargaining matters.

Composition

The PPCC will consist of up to five members appointed by the Board Chair. The Chair of the PPCC will also be appointed by the Board Chair.

Meetings

The Committee shall meet three months prior to the Executive Director’s anniversary date to initiate the process of reviewing the annual performance of the Executive Director. The Committee shall meet at least twice a year, with the authority to convene as circumstances require. Meetings will be held in accordance with New Hampshire open meeting requirements under RSA 91-A and RSA 100-A:14-a. All Committee members are expected to attend each meeting in person or electronically. Meeting agendas will be provided in advance to members along with appropriate briefing materials. Minutes of the meeting discussions and decisions will be prepared by the staff. Any Trustee may attend the Committee’s meetings and participate in discussions; however, only Committee members may vote.

Staffing

The Executive Director will appoint a senior staff member who will act as staff liaison to the Committee. NHRS staff will assist the Committee in the discharge of its responsibilities.

Responsibilities

- Review and make recommendations to the Board with respect to performance and compensation matters for the Executive Director;
- Provide advice and counsel to the Executive Director with regard to organizational structure, management performance and compensation, employee benefits, policies and procedures;
- Oversee the establishment and implementation of NHRS' employee benefit programs and severance policies, including review and approval of employment agreements for executive-level positions, if utilized;
- Oversee and assist in the management and negotiation of the Collective Bargaining Agreement ("CBA") between NHRS and bargaining unit(s), including but not limited to identification of issues to be addressed, positions on proposals made during negotiations and making recommendations to the Board with respect to such issues and the finalization of the CBA;
- Subject to the approval of the full Board, the PPCC is responsible for the selection, retention and determination of the terms of engagement for agreements that are the responsibility of the Board based on the Procurement Policy, with independent compensation and benefits consultants and other outside resources as needed, to provide independent advice to the Executive Director and / or PPCC with respect to NHRS' compensation and employee benefit programs;
- Perform other activities related to this charter as requested by the Board of Trustees; keep the Board apprised as appropriate; and review its Charter at least annually and make recommendations to the Board for approval and adoption of the Charter, including any additions, deletions or modifications, as may be deemed appropriate.

VII. DELEGATION BY THE BOARD TO THE EXECUTIVE DIRECTOR

The Board has statutory authority to delegate duties to others. The most important delegation the Board makes is to the Executive Director. The Executive Director is responsible for operational decision-making and implementation of applicable laws, policies, and Board directives.

Executive Director Position Description

In accordance with State law and the Board's direction, the Executive Director performs a variety of professional, executive, and managerial duties including planning, organizing, directing and overseeing the daily activities of NHRS.

These responsibilities include the following:

- Assures compliance with State and federal statutes and Board rules, regulations, and policies;
- Interprets and administers the provisions of RSA 100-A;
- Acts as the Board's primary advisor and assists the Trustees in meeting their fiduciary duties;
- Identifies strategic responses to issues facing NHRS and its membership;
- Manages the planning, preparation and administration of the Trust Fund operating budget, and analyzes the administrative revenue stream necessary to support operational expenses;
- Prepares and presents the biennial (statutory) operating budget to the Board and the Executive and Legislative branches of State government;
- Safeguards the assets of NHRS by maintaining strong internal controls throughout the organization;
- Determines and recommends to the Board the appropriate organizational structure, staffing, and compensation plan for all functions of NHRS;
- Sub-delegates requisite authority to senior management and manages and directs senior management responsible for all NHRS operational functions;
- Represents NHRS to various public and private entities directly or through staff professionals;
- Serves as media liaison and spokesperson on NHRS matters along with the PIO, communicating with the membership and news media on policy matters;
- Coordinates NHRS representation on legislative measures before legislative committees and provides technical advice to the Legislature on pension related issues, including provisions of RSA 100-A;
- Coordinates and consults with the Director of Investments, the IIC and the investment consultant on investments and other applicable issues;
- Coordinates and consults with legal counsel on contracts, tax issues, and other matters;

- Coordinates and consults with the actuary in preparation of biennial actuarial valuations, benefit costs, and periodic asset allocation studies required by the Board;
- Oversees the preparation and issuance of RFPs and vendor bid specifications, bidder evaluation criteria, and selection recommendations;
- Oversees negotiations, executes, and manages contracts on behalf of NHRS
- Monitors the activities and performance of consultants and outside service providers hired by NHRS; and
- Performs such additional executive duties as necessary.

Executive Director Evaluation Criteria and Process

An important part of prudent delegation to the Executive Director is ongoing monitoring and thoughtful evaluation of performance against agreed upon criteria. The primary responsibility of the Executive Director is the effective management of the operations of NHRS. Accordingly, the performance of the operations constitutes the most relevant measure of his or her performance, and should weigh heavily in his or her overall performance evaluation.

The Board is responsible for annually evaluating and setting compensation for the Executive Director. The Board may delegate this responsibility to the PPCC. If the evaluation is delegated to the PPCC, the Committee's recommendations will be presented to the Board for approval.

The Executive Director will be evaluated in accordance with an Individual Strategic Plan (ISP) that will be directly linked to NHRS strategic plan. The Executive Director will submit an ISP form noting progress on the goals achieved over the review period as well as establish goals for the upcoming review period. The Board or the PPCC will then complete the performance ratings portion of the ISP, finalize the proposed goals, and recommend any compensation adjustments.

The performance evaluation competencies include:

- Leadership;
- Communication;
- Strategic Focus/Change Management;
- Team Collaboration;
- Resolution Focused; and
- Professional Behavior.

The evaluation will also take into account individual goals and measures agreed upon prior to the evaluation period by the Executive Director and the Board Chair.

VIII. BOARD MEETING PROTOCOL

The Board determines and approves a regular meeting schedule on an annual basis in advance for each Board year at its first regular meeting in October, which shall be the annual meeting of the Board. The meetings are usually scheduled for the second Tuesday in the months of February, April, June, August, October, and December. The location of the meetings will be noted in advance. Changes in the approved meeting schedule described herein require a vote of the majority of the quorum present at a Board meeting held prior to the desired change of schedule. The Board is authorized to schedule additional meetings, if deemed necessary, upon the call of the Chair or a majority of the Board, after giving appropriate notice to all members of the Board and to the public as required under the NH Right-To-Know Law, RSA 91-A.

Attendance at Board meetings is an essential element of a Trustee's fiduciary responsibility. Therefore, Trustees are expected to attend meetings in person but may attend and participate at meetings in person or via telephone or video conference, if necessary, pursuant to RSA 91-A and RSA 100-A:14-a.

Open Meetings Laws

NHRS Board meetings are public meetings under RSA 91-A, as amended from time to time. RSA 91-A defines a meeting as "the convening of a quorum of the membership of a public body, . . . for the purpose of discussing or acting upon a matter or matters over which the public body has supervision, control, jurisdiction, or advisory power." As such, any such meeting of Board members must be open to the public.

The following regulations apply:

- Public notice of the meeting must be made at least 24 hours prior to the meeting and posted in 2 appropriate places, one of which may be the NHRS website or a newspaper of general circulation.
- In certain limited circumstances, "emergency" meetings are allowed where the 24-hour notification is not required but notice must be posted as soon as practicable.
- Meeting minutes must be available for public inspection not more than 5 business days after the meeting.
- Minutes approved by the Board shall be treated as a permanent record.
- Secret ballot voting is not allowed in an NHRS Board meeting.
- Any person is allowed to use a recording device.
- The Board may enter nonpublic session for consideration or action as permitted under RSA 91-A:3. Nonpublic sessions typically involve disability applications, personnel issues, acquisition of real or personal property, and claims or litigation.
- A roll call vote is required to enter nonpublic session and for all votes if any trustees are participating telephonically.

- Meeting minutes of nonpublic sessions must be kept and available within 72 hours of the meeting unless a 2/3 vote of present Board members moves to keep the minutes confidential while citing a specific exemption.

Agenda Setting

Board meeting agendas are prepared by the Executive Director and reviewed and approved by the Board Chair. Any Trustee may request that an item be placed on the agenda through the Board Chair or the Executive Director.

Agenda Items

Staff will strive to post agendas prior to Board meetings for public viewing. The agendas will contain enough detail so that the membership, interested parties, and the general public can understand the nature of each agenda item.

Consent Agenda

Consent agenda items will primarily consist of benefit matters governed by State law and routine administrative or ministerial matters that require Board action as recommended by staff but which typically do not require Board discussion.

Action Items

Action items on the regular agenda typically require Board discussion and vote upon a motion.

Information Only Items

The agendas may also contain “information only” items that do not require a Board vote. These items contain information that the Executive Director and Board Chair believe are important for the Board to know but do not require Board action.

Rules of Order

The Robert’s Rules of Order shall govern all proceedings of the Board and NHRS committee meetings insofar as they are applicable and not inconsistent with any of the policies adopted by the Board. Except as otherwise specified herein, approval of an action or decision shall be by a simple majority of those Trustees present and voting at a Board meeting. Unless otherwise specified in Board or committee documents, voting by proxy is not allowed. Seven Trustees of the Board present and voting shall constitute a quorum at Board meetings pursuant to State law. For the purposes of determining the presence of a quorum, a disqualification shall be considered an absence.

IX. BOARD CONDUCT POLICIES

Ethics Policy - The Ethics Policy below is the current version of the Code of Ethics contained in Administrative Rule Ret 401, effective 11/11/09, readopted 1/1/2019.

Ret 401.01 Purpose of the Code of Ethics.

(a) The purpose of these rules is to ensure the proper administration, effective operation, and fiducially prudent investment of assets of the New Hampshire retirement system and to promote public confidence in the system's institutional integrity as a prudently managed and fiducially governed trust, operated for the sole and exclusive purpose of providing benefits to the system's members and beneficiaries.

(b) The purpose of these rules is also to recognize that every trustee, member of the investment committee, staff employee, and outside service provider of the system occupies a special position of trust and confidence so as to avoid at all times any conflict of interest or fiduciary breach of trust against the system, its members and beneficiaries.

Ret 401.02 Definitions.

(a) The following words and phrases as used in this rule shall have the following meanings:

(1) "Affiliate" means:

a. any person directly or indirectly controlling, controlled by, or under common control with such person;

b. any officer, director, partner, employee, or relative of a person, or;

c. any corporation or partnership of which such other person is an officer, director, partner or employee.

(2) "Beneficiary" means any person receiving or entitled to benefits provided by the system;

(3) "Board of trustees" means that board which administers the system and manages its investments in trust pursuant to RSA 100-A:14;

(4) "Code" means the Code of Ethics in Ret 401;

(5) "Confidential Information" means all information concerning the affairs of the system not made public by the system;

(6) "Conflict of interest" means an interest that could influence a person to decide a matter, or provide a recommendation, for any reason other than the best interest of the system, its members and beneficiaries, including conferring a private benefit to any party or entity other than the members and beneficiaries of the system;

(7) "Control" means the power to exercise a controlling influence over management or policies;

(8) "Investment Committee" means the independent investment committee established by RSA 100-A:14-b;

(9) "Members" means any person included in the membership of the system pursuant to RSA 100-A:3;

(10) "Outside Service Provider" means a person, not an employee or trustee of the system or member of the investment committee, who provides discretionary investment services, investment consulting, custodial, financial, actuarial, legal or other professional services to the board of trustees, the investment committee or the system pursuant to RSA 100-A:14, V and 100-A:15, IV;

(11) "Relative" means a person's spouse, domestic or civil union partner, parent, grandparent, or sibling as well as respective spouses, domestic or civil union partners, or children of any of the foregoing;

(12) "Staff employee" means any person employed by the System;

(13) "System" means the New Hampshire retirement system established pursuant to RSA 100-A; and

(14) "Trustee" means a member of the board of trustees.

Ret 401.03 Conflict of Interest.

(a) Each trustee, investment committee member, staff employee and outside service provider shall be provided a copy of this Code of Ethics within 30 days of:

(1) Final adoption of Ret 401 or;

(2) Being appointed, hired or retained to their position.

(b) Trustees, members of the investment committee, and staff employees shall disclose all conflicts of interest, potential conflicts of interest, and situations that could reasonably be perceived as creating conflicts of interest in the manner described in Ret. 401.07, and such disclosure shall be made prospectively, or as soon as reasonably practicable.

(c) Any trustee, member of the investment committee, or staff employee required to file a statement of financial interests pursuant to RSA 15-A shall, within 30 days of such filing with the secretary of state, provide a true copy of such statement in the manner described in Ret. 401.07.

(d) No trustee, member of the investment committee, or staff employee shall make any personal investment, engage in any transaction or professional activity, or incur any obligation of any nature that would create, or reasonably has the potential of creating, a conflict of interest, unless disclosed to the board of trustees and determined not to violate another provision of this code.

(e) No trustee, member of the investment committee, or staff employee shall vote on, deliberate on, or attempt to influence any issue before the Board of trustees or the investment committee with respect to which he or she has a conflict of interest. If compliance with the foregoing necessitates recusal, the recusing party shall disclose fully to the board of trustees or the investment committee the reasons for such recusal.

(f) No trustee, member of the investment committee, or staff employee shall violate a provision of Ret. 401.04.

Ret 401.04 Standards of Conduct.

(a) No trustee, member of the investment committee, or staff employee shall:

(1) Use confidential information regarding the investments of the system in a manner not exclusively in the interest of the system and its members and beneficiaries;

(2) Buy or sell a security or other investment if the trustee, member of the investment committee, or staff employee knows that the system is, or anticipates, buying, selling, or trading such security or other investment; or

(3) Accept offers to buy, sell or trade in any security or other investment that the system holds or intends to purchase on terms more favorable than those offered to similarly situated investors unrelated to the system.

(b) No trustee, member of the investment committee, or staff employee shall:

(1) Represent any individual or outside service provider in any action or proceeding before the system or any individual or outside service provider

in any action or proceeding involving an interest of the system except as a duly authorized representative or agent of the system; or

(2) For 12 months after such trustee, member of the investment committee, or staff employee has completed his or her service with the system, represent any individual or outside service provider, in any fashion, before any public agency, with respect to a matter in which the trustee, member of the investment committee, or staff employee personally participated while serving with the system.

(c) No trustee, member of the investment committee, or staff employee shall:

(1) Use his or her position or employment with the system, or use system facilities, equipment or supplies, for any reason other than to advance the interests of the system, its members and beneficiaries;

(2) Solicit, accept or agree to accept for themselves or for conferment to others any direct or indirect benefit, gratuity or emolument in connection with a decision, opinion, recommendation, transaction, vote or other action by a trustee, member of the investment committee, staff employee, or other agent or representative of the system;

(3) Accept an extension of credit from an outside service provider, except and unless: a Such outside service provider extends credit to the general public in the ordinary course of its business; and b. The terms of the extension of credit are no better than the terms normally offered to similarly situated borrowers unrelated to the system;

(4) Solicit or accept honoraria unless the honorarium is paid in recognition of a demonstrable business, professional, or esthetic interest of the trustee, member of the investment committee, or staff employee that exists apart from his or her role with respect to the system and the honorarium is not paid by an outside service provider or affiliate thereof;

(5) Use the name of the system or the system's logo in a manner that suggests impropriety, favoritism, or bias by the board of trustees, the investment committee, or the system;

(6) Exercise his or her discretionary authority to appoint, hire or advance system employees or outside service providers, whether such authority is granted by statute or delegated by the board of trustees, the investment committee, or by the executive director of the system, in favor of an affiliate, unless fully disclosed to and approved by the board of trustees or the investment committee; or

(7) In his or her personal capacity, enter into employment with, representation of, or an agreement with any person who is, or has been within the preceding 12 month period, an outside service provider, staff employee, member of the investment committee, or trustee of the system, unless fully disclosed to the board of trustees or the investment committee.

(d) No trustee, member of the investment committee or staff employee shall accept gifts, entertainment or other gratuities from current or potential outside service providers, or their agents, representatives or solicitors that, when aggregating all gifts, entertainment or other gratuities from all current or potential outside service providers, have a value of more than \$250 per calendar year. Gifts, entertainment and gratuities received by affiliates of a trustee, member of the investment committee, or staff employee shall be deemed as being received by the trustee, member of the investment committee, or staff employee himself or herself. Meals or entertainment provided to a trustee, member of the investment committee, or staff employee at a group activity open to all attendees of a conference, seminar or training shall not count toward the aggregate \$250 limit, provided such meals or entertainment were provided to all, or substantially all, of the attendees.

(e) The foregoing prohibition in this section 401.04(d) shall not apply to any gifts or entertainment received by a trustee, member of the investment committee, or staff employee from a relative of that trustee, member of the investment committee, or staff employee if: a. Such gifts and entertainment did not arise from or in connection with the trustee's, member of the investment committee's, or staff employee's position with the system; and b. The nature and extent of the gifts and entertainment are disclosed to the board of trustees.

(f) No trustee, member of the investment committee, or staff employee shall accept the benefit of third party payments for travel or lodging by current or potential outside service providers.

(g) No trustee, member of the investment committee, or staff employee shall disclose confidential information except to the extent:

(1) Required by law, including disclosures made as a public record pursuant to the requirements of RSA 91-A;

(2) Necessary or advisable for the provision of services to the system; or

(3) Permitted by the board of trustees or the investment committee.

Ret 401.05 Standards Applicable to Outside Service Providers.

(a) Outside service providers shall be subject to the disclosure provisions of Ret. 401.03(b).

(b) No outside service providers shall accept gifts, entertainment or other gratuities in connection with services provided to the system from any current or potential outside service provider unless fully disclosed to the board of trustees or the investment committee.

(c) No outside service provider shall use the name of the system or the system's logo in a manner that suggests impropriety, favoritism, or bias by the board of trustees, the investment committee, or the system.

(d) No outside service providers shall disclose confidential information except to the extent:

(1) Required by law, including disclosures made as a public record pursuant to the requirements of RSA 91-A;

(2) Necessary or advisable for the provision of services to the system; or

(3) Permitted by the board of trustees or the investment committee.

Ret 401.06 Application of the Code

(a) The intentions and motives as well as the extrinsic acts of those persons covered by the code shall be considered when applying the code.

(b) The principal responsibility for adherence to the provisions of the code shall rest with those persons covered by the code. Ignorance or lack of knowledge of the provisions of the code shall not be a defense to a violation of the code.

(c) The board of trustees shall have discretion to seek opinions from independent legal counsel with respect to the application of the code pursuant to RSA 100-A:15, IV, if it deems such opinions necessary or advisable. In no event shall an opinion of independent legal counsel be binding on the board of trustees, the investment committee, or any staff employee. However, in determining whether a violation of the code has occurred, there shall be a rebuttable presumption that any trustee, member of the investment committee, or staff employee acting in good faith reliance on an opinion of independent legal counsel procured under this section of the code has not violated the code with respect to the ethical issue that is the subject of such opinion.

(d) The request for an opinion by independent legal counsel under Ret. 401.06(c) shall establish an attorney-client relationship between such counsel and the board of trustees with regard to the subject matter of the board of trustees' request for the opinion. The initial request for an opinion, the documentation setting forth the factual circumstances of the situation giving rise to the request for the opinion, and any resulting opinion shall not be public information unless such confidentiality is waived by

vote of the board of trustees or is determined to be public information by a court of competent jurisdiction.

(e) Each trustee and member of the investment committee shall have an affirmative duty to remedy violations of the code about which he or she has knowledge.

(f) Violations of the code by trustees, members of the investment committee, staff employees, and outside service providers shall be determined by:

- (1) An administrative hearing held in accordance with Ret 200; or
- (2) A court of competent jurisdiction in the State of New Hampshire.

(g) Upon a final determination under Ret. 401.06(f) that a violation of the code has occurred, the board of trustees shall impose one or more of the following sanctions as the board determines appropriate:

- (1) Reprimand;
- (2) Censure;
- (3) Termination of a staff employee or outside service provider;
- (4) Request for resignation;
- (5) Request for removal; or
- (6) Any other relief or remedy, whether at law or in equity, that may exist to protect the interests of, or provide restitution to, the system, its members and beneficiaries.

(h) In determining the severity of the sanction, the board of trustees shall consider the following factors:

- (1) The nature of the violation;
- (2) The intent of the violator;
- (3) The potential for harm to the system from the violation;
- (4) Any recidivism of the violator;
- (5) Any mitigating actions taken by the violator; and
- (6) Any other material facts and circumstances.

(i) The board shall select appropriate sanction(s):

(1) From the list in Ret 401.06(g); and

(2) By choosing, based on the factors set forth in Ret 401.06(h), the sanctions most likely to further the purpose or purposes stated in Ret 401.01(a) and Ret 401.01(b).

(j) The board of trustees, members of the investment committee, and its staff employees shall be defended and indemnified for alleged violations of this code to the extent permitted by law.

Ret. 401.07 Procedures for Disclosure.

(a) Any disclosure to the board of trustees required under this code shall be made in writing to the chair or vice chair of the board of trustees, who shall be required to present to the board of trustees a list of such disclosures at the next official meeting of the board of trustees. Notwithstanding the foregoing, the chair or vice chair of the board of trustees shall, as soon as is reasonably practicable, inform each of the Trustees of any disclosure that is made to him or her under this section of this code that could materially affect the operation of the system if not immediately disclosed to the board of trustees.

(b) Any disclosure to the investment committee required under this code shall be made in writing to the committee chair, who shall be required to present to the investment committee a list of such disclosures at the next official meeting of the board of trustees. Notwithstanding the foregoing, the committee chair shall, as soon as is reasonably practicable, inform each of the members of the investment committee of any disclosure that is made to him or her under this section of the code that could materially affect the operation of the system if not immediately disclosed to the investment committee.

(c) In addition to the methods of disclosure detailed in Ret. 401.07(a) and (b), disclosures of RSA 15-A forms made under Ret. 401.03(a)(2) may be made to the executive director of the system or his or her designee.

Indemnification Policy - Revisions approved at the January 14, 2014, NHRS Board meeting.

I. Purpose

The purpose of this Indemnification Policy of the New Hampshire Retirement System (“NHRS”) is to establish guidelines for the indemnification of those Individuals who have a Proceeding brought against them arising out of their performance of duties as a Trustee, member of the Independent Investment Committee, or as an Employee of NHRS on behalf of the members and beneficiaries of NHRS. To qualify for indemnification under this Policy, the Individual must have acted in good faith, in his capacity as a member of the Board of Trustees, the Independent Investment Committee, or as an Employee and in a manner that he believed to be in the best interests of the members and beneficiaries of NHRS.

II. Definitions As used in this Policy:

1. “Board of Trustees”, “Trustees”, “Trustee” or “member of the Independent Investment Committee” refers to NHRS Board of Trustees, or a duly appointed member of the Board, or a duly appointed member of NHRS Independent Investment Committee, charged with the administration of NHRS pursuant to Sections 14, 14-b, and 15 of New Hampshire RSA 100-A, and having the powers, privileges and immunities of a corporation in the management of NHRS.
2. An “Employee” is a person in the employment of NHRS, including but not limited to the Executive Director, a member of the Executive Team or any other employee charged with administration of NHRS either directly by the Board of Trustees or the Executive Director by delegation of authority, pursuant to Sections 14, 14-b and 15 of NH RSA 100-A, and having the powers, privileges and immunities of a corporation in the management of NHRS.
3. The term “Corporate Status” shall mean the status of an Individual who is or was a member of the Board of Trustees or the Independent Investment Committee, or is or was an Employee.
4. The term “Expenses” shall include, without limitation, those reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and other disbursements or expenses of the types customarily incurred in connection with a Proceeding.
5. The term “Individual” shall mean any person who is or was a Trustee, a member of the Independent Investment Committee, or an Employee as of the Effective Date of this Policy and thereafter.

6. The term “Liability” shall mean the obligation to pay a judgment, settlement, penalty, or fine, and including any excise tax assessed with respect to an employee benefit plan.
7. The term “Proceeding” shall mean any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitative or investigative, and whether formal or informal.

III. Policy

A. Indemnification of Liability.

1. NHRS shall indemnify an Individual, if he was, is or is threatened to be made a party, subject, defendant or respondent in a Proceeding because of his Corporate Status, against that Liability incurred in the Proceeding if: (i) he conducted himself in good faith; (ii) he reasonably believed that his conduct was in the best interests of the members and beneficiaries of NHRS; and (iii) in the case of any criminal Proceeding, he is not found to be guilty of a criminal violation, did not enter a plea of guilty or nolo contendere, and a majority of the Board of Trustees vote in favor of such indemnification.
2. The termination of a Proceeding by judgment, order, or settlement, is not, of itself, determinative that the indemnitee did not meet the relevant standard of conduct described in this Section 3.

B. Exceptions to Right of Indemnification. Notwithstanding anything to the contrary in this Policy, no indemnification shall be paid to an Individual:

1. to the extent expressly prohibited by New Hampshire law, or NHRS Code of Ethics;
2. for the amount of Liability and Expenses paid to or on behalf of an Individual under a valid and collectible insurance policy maintained by NHRS;
3. based upon or attributable to an Individual gaining any benefit, advantage, or thing of value to which he was not entitled under law or permitted under the Code of Ethics of NHRS; or
4. to the extent that an Individual has been adjudicated not to have acted in good faith with a reasonable belief that his actions were in the best interests of the members and beneficiaries of NHRS.

C. Partial Indemnification If an Individual is entitled under any provision of this Policy to indemnification by NHRS for some portion of any Liability or Expenses, but not, however, for the total amount thereof, NHRS shall nevertheless indemnify Individual for that portion thereof as may be determined and authorized by a majority vote of the Board of Trustees.

D. Notification and Defense of Proceeding:

1. Notice. Promptly upon receipt by an Individual of notice of the commencement of any Proceeding, an Individual shall notify NHRS of the commencement of the Proceeding and of any claim for indemnification under this policy. Such notice to NHRS shall be made as soon as practicable, but in no event later than twenty (20) business days from the Individual's receipt of notice of the commencement of the Proceeding.
2. Defense. With respect to any Proceeding against an Individual, NHRS will be entitled to participate in the Proceeding at its own expense. To the extent NHRS so wishes, it may assume the defense thereof with counsel reasonably satisfactory to the Individual. After notice from NHRS to an Individual of its election to assume the defense of any Proceeding, NHRS shall not be liable to the Individual under this Policy, or otherwise for any Expenses subsequently incurred by an Individual in connection with the defense of such Proceeding other than reasonable costs of investigation or as otherwise provided below. An Individual shall have the right to employ legal counsel in such Proceeding, but all Expenses related thereto incurred after notice from NHRS of its assumption of the defense shall be at Individual's expense unless: (i) the employment of legal counsel by the Individual has been authorized by NHRS; or (ii) the Individual has reasonably determined that there may be a conflict of interest between the Individual and NHRS in its defense of the Proceeding; or (iii) NHRS shall not in fact have employed counsel to assume the defense of such Proceeding.
3. Settlement of Claims. NHRS shall not be liable to indemnify an Individual under this Policy or otherwise for any amounts paid in settlement of any Proceeding effected without NHRS's written consent as authorized by the Board of Trustees, such consent not to be unreasonably withheld. NHRS shall not settle any Proceeding in any manner that would impose any Liability or limitation on an Individual without the Individual's written consent. NHRS shall not be liable to indemnify an Individual under this Policy with regard to proceeding if NHRS was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action.

E. Non-Exclusivity. The rights of an Individual hereunder shall be in addition to any other rights an Individual may have under applicable law, including without limitation, New Hampshire RSA 99-D:2. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification than would be afforded currently under applicable law, including without limitation, New Hampshire RSA 99-D:2, or this Policy, it is the intent that an Individual receive the greater benefit so afforded by such change.

F. Subrogation. In the event of indemnification to an Individual under this Policy, NHRS shall be subrogated to the extent of such payment to all of the rights of recovery of an Individual, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable NHRS effectively to enforce such rights.

G. No Duplication of Payments. NHRS will not be liable under this Policy to make any payment in connection with any claim made against an Individual to the extent the Individual has otherwise received payment (under any insurance policy, statutory indemnification, or otherwise) of the amounts otherwise indemnifiable hereunder.

H. Severability. If any provision (or portion thereof) of this Policy shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. To the fullest extent possible, the provisions of this Policy (including, without limitation, each portion of this Policy containing any provision held to be invalid, void, or otherwise unenforceable that is not itself invalid, void, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void, or unenforceable.

I. Governing Law. The Policy and all actions taken thereunder shall be governed by and construed and enforced in accordance with the laws of the State of New Hampshire without regard to the principles of conflict of laws thereof.

J. Notices. All notices or other communications required by or otherwise with respect to the Policy shall be in writing and shall be deemed to have been duly given when delivered (a) in-hand, (b) by certified mail, (c) by confirmed telefax, or (d) by a recognized commercial delivery service at the following notice addresses:

To Board of Trustees: ATTN: Chair, Board of Trustees
New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301-8507
Fax: (603) 410-3500

To NHRS: ATTN: Executive Director
New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301-8507
Fax: (603) 410-3500

Effective Date of the Policy. The Policy as amended shall be effective as of January 14, 2014.

Political Contributions Policy - Revisions approved at the January 14, 2014, NHRS Board meeting.

1. Preamble

- 1.1. The Board and the Independent Investment Committee (IIC) have authority over the management and investment of the New Hampshire Retirement System (“NHRS”), and have a special fiduciary duty of loyalty to act solely in the interests of its members and beneficiaries. The Board and the IIC shall engage Vendors based on their merits, abilities, and commitment to act as fiduciaries of NHRS, its members, and its beneficiaries pursuant to the duties and responsibilities authorized under RSA 100-A.
- 1.2 This Policy was adopted under the Code of Ethics governing political contributions with respect to NHRS’s Vendors and generally provides as follows: First, it prohibits the engagement or retention of a Vendor for a two year period if the Vendor or any of its Covered Associates has made a non- excepted Contribution on behalf of a State Official. Second, it prohibits Vendors from indirectly making non-excepted political Contributions or Payments to, or on behalf of, State Officials through consultants, lobbyists, third-party intermediaries, “friends of”, independent or other personal support committees, charitable trusts, or other persons. Third, it precludes any compensation arrangement with third-party intermediaries where the intermediary (including the intermediary's partners, political committees, or affiliates) has made Contributions or Payments covered under this Policy, and where the intermediary’s compensation is directly or indirectly tied to generating Vendor-related business with NHRS.

2 Purpose

- 2.1. The Board and the IIC wish to ensure that the selection of Vendors to provide goods and Services to NHRS is based on the merits of the Vendors and not on political considerations. This Policy is designed to protect the members and beneficiaries of NHRS, and the integrity of its operations, by prohibiting the engagement of Vendors based on the payment of political contributions instead of merit. Additionally, Vendors that provide or are applying to provide goods or Services to NHRS are required, in the discretion of the Board and the IIC, to disclose certain Contributions, as well as other public information, allowing for public evaluation of any extraneous factors to the selection process.

3. Definitions

For purposes of this Policy:

- 3.1. "Board" means the Board of Trustees of the New Hampshire Retirement System.
- 3.2. "Control" means to possess, directly or indirectly, influence or authority over another.
- 3.3. "Contribution" means any gift, subscription, loan, advance, or deposit of money or anything of value made:
 - 3.3.1. For the purpose of influencing the election of a State Official;
 - 3.3.2. For the purpose of influencing the election for local or state office of a person who is also a State Official;
 - 3.3.3. For the payment of debt or expenses incurred in connection with the election of a State Official; or
 - 3.3.4. For the direct or indirect payment of living or personal expenses on behalf of a State Official or his or her family members, or for outings, dinners, testimonials, or other social affairs by, for or in the name of the State Official.
- 3.4. "Covered Associate of a Vendor" means:
 - 3.4.1. Any general partner, managing member, or executive officer of a Vendor, or other person with a similar status or function;
 - 3.4.2. Any person associated with a Vendor who is primarily engaged in providing goods or Services with respect to which NHRS has retained that Vendor;
 - 3.4.3. Any person associated with a Vendor who is involved in client development or the solicitation of business from clients for the goods or Services with respect to which NHRS has retained that Vendor;
 - 3.4.4. Any person associated with a Vendor who solicits NHRS for that Vendor and any person who supervises, directly or indirectly, such employee;
 - 3.4.5. Any person associated with a Vendor who is a supervisor of any person described in the four subparagraphs, above up through and including the chief executive officer or individual with a similar status or function; and

- 3.4.6. Any political action committee controlled by a Vendor or by any person described in the five subparagraphs above.
- 3.5. "Covered Investment Pool" means:
 - 3.5.1. An investment company registered under the Investment Company Act of 1940 (15 U.S.C. § 80a) that is an investment option of NHRS; or
 - 3.5.2. Any company that would be an investment company under section 3(a) of the Investment Act of 1940 (15 U.S.C. § 80a-3(a)), but for the exclusion provided from that definition by either section 3(c)(1), section 3(c)(7), or section 3(c)(11) of that Act (15 U.S.C. § 80a-3(c)(1), (c)(7), or (c)(11)).
- 3.6. "IIC" means the Independent Investment Committee of NHRS.
- 3.7. "IIC member" means a member of the Independent Investment Committee of NHRS.
- 3.8. "Investment Adviser" means an investment adviser registered (or required to be registered) with the Securities and Exchange Commission, or unregistered in reliance on the exemption available under Section 203(b)(3) of the Advisers Act, 15 U.S.C. § 80b-3(b)(3), or that is an exempt reporting adviser, as defined in 17 CFR § 275.204-4a.
- 3.9. "Investment Management Services" means:
 - 3.9.1. The business of making or recommending investment management decisions for or on behalf of NHRS;
 - 3.9.2. The business of advising or managing a separate entity which makes or recommends investment management decisions for or on behalf of NHRS; or
 - 3.9.3. The provision of financial advisory or consultant services to NHRS.
- 3.10. "Payment" means any gift, subscription, loan, forbearance, advance, deposit of money, or anything of value, tangible or intangible.
- 3.11. "Policy" means this Political Contributions Policy.
- 3.12. "Political Party" means any political party or political committee organized in this State.
- 3.13. "Retirement System" means the New Hampshire Retirement System.

- 3.14. "Services" mean investment management services or any other useful act provided to NHRS for a fee.
- 3.15. "Solicit" means:
- 3.15.1. With respect to goods or Services, to communicate, directly or indirectly, for the purpose of obtaining or retaining a client for, or referring a client to, a Vendor.
 - 3.15.2. With respect to a Contribution or Payment, to communicate, directly or indirectly, for the purpose of obtaining or arranging a Contribution or Payment.
- 3.16. "State" means the State of New Hampshire.
- 3.17. "State Legislature" means the New Hampshire General Court.
- 3.18. "State Official" means any person or committee of the State (including any election, political action, "friends of", independent, or personal support committee for or on behalf of a State Official) who was, at the time of the Contribution, an incumbent, candidate, or successful candidate for Governor or Executive Councilor of the State, Trustee or IIC member of NHRS.
- 3.19. "Third Party Solicitor" means a person who solicits the engagement or retention of investment management or other business through direct or indirect communication with NHRS on behalf of or in the interest of a Vendor. For the purposes of this paragraph 3.18, "communication" with NHRS includes communication with its Trustees, IIC members, employees, consultants or other professional advisers, or any State Official, labor union, or employee association authorized to nominate or appoint members to the Board or IIC, or officer, director, executive, agent or employee acting in behalf of such union or employee association.
- 3.20. "Trustee" means a trustee of NHRS.
- 3.21. "Vendor" means:
- 3.21.1. An Investment Advisor, or
 - 3.21.2. Any other entity selected by the Board or IIC to provide goods or Services to NHRS.

4. Prohibitions

- 4.1. It shall be a violation of this Policy for any Vendor to provide goods or Services for compensation to NHRS within two (2) years after a Contribution to a State Official is made by the Vendor or any Covered Associate of the Vendor

(including a person who becomes a Covered Associate of the Vendor within two (2) years after the Contribution is made); and

- 4.2. It shall be a violation of this Policy for any Vendor or Covered Associate of a Vendor, or any entity seeking to be engaged as Vendor and the Covered Associates of that entity:
 - 4.2.1. To provide or agree to provide, directly or indirectly, Payment to any person or political action committee, including but not limited to any Third Party Solicitor, to Solicit NHRS for goods or Services on behalf of such Vendor unless such person is an executive officer, general partner, managing member (or in each case, a person with similar status or function), or employee of the Vendor.
 - 4.2.2. To coordinate or to Solicit any person or political action committee to make, any:
 - 4.2.2.1. Contribution to any State Official when the Vendor is providing or seeking to provide goods or Services to NHRS; or
 - 4.2.2.2. Payment to a Political Party of the State or of a locality of the State when the Vendor is providing or seeking to provide goods or Services to NHRS.
 - 4.2.3. To fund any Contribution or Payment to a Political Party made by third parties, including consultants, attorneys, family members, or persons controlled by the Vendor;
 - 4.2.4. To engage in any exchange of political Contributions or Payments between State Officials or Political Parties to circumvent the intent of this Policy.
- 4.3. An Investment Adviser to a Covered Investment Pool in which NHRS invested or is Solicited to invest shall be treated as though that Investment Adviser were providing or seeking to provide Investment Management Services directly to NHRS.
- 4.4. It shall be a violation of this Policy for a Vendor or any of its Covered Associates to do anything indirectly that, if done directly, would result in a violation of this Policy.

5. Exceptions

- 5.1. Prohibition 4.1 above does not apply to Contributions made by a Covered Associate, if a natural person, to State Officials for whom the Covered Associate was entitled to vote at the time of the Contributions and which in the aggregate do not exceed \$350 to any one State Official, per election.
- 5.2. Prohibition 4.1 above does not apply to Contributions made by a Vendor or the Covered Associate of a Vendor to any Political Party which in the aggregate do not exceed \$350 to any political party per calendar year.
- 5.3. Prohibition 4.1 above does not apply to a Vendor as a result of a Contribution made by a natural person more than twelve (12) months prior to becoming a Covered Associate of Vendor unless such a person, after becoming a Covered Associate, Solicits clients on behalf of the Vendor.
- 5.4. Exception for certain returned Contributions of Vendors:
 - 5.4.1. A Vendor that is prohibited from providing goods or Services for compensation pursuant to Prohibition 4.1 above as a result of a Contribution made by a Covered Associate of the Vendor is excepted from such prohibition, subject to sections 5.4.2, 5.4.3, 5.4.4 of this Policy, upon satisfaction of the following requirements:
 - 5.4.1.1. The Vendor must have discovered the Contribution that resulted in the prohibition within four (4) months of the date of such Contribution;
 - 5.4.1.2. Such Contribution must not have exceeded \$350; and
 - 5.4.1.3. The contributor must obtain a return of the Contribution within 30 calendar days of the date of discovery of such Contribution by the Vendor.
 - 5.4.2. In any calendar year, an Investment Adviser that has reported on its annual updating amendment to Form ADV (17 CFR 279.1) of the United States Securities and Exchange Commission that it has more than 50 employees is entitled to no more than three (3) exceptions pursuant to Section 5.4.1 of this Policy, and an Investment Adviser that has reported on its annual updating amendment to Form ADV that it has 50 or fewer employees is entitled to no more than two (2) exceptions pursuant to Section 5.4.1 of this Policy.
 - 5.4.3. In any calendar year, any Vendor other than an Investment Advisor may rely on the exception provided in Section 5.4.1 of this Policy no more than twice.

- 5.4.4. A Vendor may not rely on the exception provided in Section 5.4.1 of this Policy more than once with respect to the Contributions by the same Covered Associate of the Investment Adviser regardless of the time period.

6. Reporting

6.1. Except as otherwise provided in this section, each Vendor engaged to provide goods or Services to NHRS shall, by the last day of the month following the end of each calendar quarter, file with NHRS the following information:

6.1.1. For all Contributions and Payments to Political Parties or State Officials in the State made by persons described Section 4 of this policy.

6.1.1.1. The name and address of the contributor;

6.1.1.2. The name and title of each State Official or Political Party receiving the Contribution or Payment;

6.1.1.3. The amount of the Contribution or Payment to the Political Party or State Official; and

6.1.1.4. The date of the Contribution or Payment to the Political Party or State Official.

6.1.2. Whether any Contribution or Payment to a Political Party or State Official reported under this section is the subject of an Exception pursuant to Section 5 of this Policy, and the date of such Exception; and

6.1.3. For any payment made to a Third Party Solicitor in connection with NHRS: the name and business address of the Third Party Solicitor, the services provided by the Third Party Solicitor, the compensation arrangement between the Vendor and the Third Party Solicitor, and the total dollar amount of payments made during the reporting period.

6.2. Each Vendor seeking to provide goods or Services to NHRS shall file with NHRS quarterly disclosure reports as provided in this section covering the four quarters immediately preceding the date of its application to provide Investment Management Services to NHRS.

6.3. Each Vendor seeking to provide goods or Services to NHRS shall be required to report to NHRS for every calendar quarter provided it has information required to be reported pursuant to this section for such calendar quarter.

6.3.1. No Vendor shall be required to report to NHRS for any calendar quarter in which it has no information required to be reported for such calendar quarter; except that NHRS may require the Vendor to confirm once annually that it has no information to report.

6.4. Once a Contribution or Payment to a Political Party, State Official or Third Party Solicitor has been disclosed on a report, the Vendor need not disclose that same Contribution or Payment on subsequent reports.

6.5. Each Vendor seeking to provide goods or Services to NHRS shall report the information required by this Section in such form as the Board shall determine in its sole discretion.

7. Public Disclosure

7.1. The Retirement System shall make publicly available a copy of each report received from a Vendor pursuant to Section 6 of this Policy within thirty (30) days of its receipt in such form as the Board shall direct.

8. Effective Date

8.1. The prohibitions provided under this Policy apply only to Contributions or Payments made on or after the November 13, 2007, date of adoption of this policy as amended by the Board. The disclosure provisions of this Policy, as amended, shall take effect for the reporting period of the quarter ending December 31, 2007, and as amended June 11, 2013.

Communication Policy – Revisions approved at the January 14, 2014, NHRS Board meeting.

I. Purpose and Intent.

NHRS Board recognizes that potential problems can be avoided by having a clear policy that addresses both internal and external communications. It is also important that the roles and responsibilities of the Board and staff are outlined to facilitate effective communication between and among the Trustees, staff, members, employers, and other interested parties.

II. Policy

A. Among Trustees. Because NHRS is an independent agency of the State, Trustees must act in accordance with the Open Meetings Law of the State when discussing NHRS business. The law states that when a quorum of Trustees meet and discuss NHRS business the meeting must comply with the public meeting laws.

Discussion of NHRS business between Trustees by electronic mail is subject to the requirements of being open to the public.

NHRS Trustees are to contact the Board Chair or the Executive Director if they wish to have specific issues discussed by the Board so that these items can be added to the Board meeting agendas.

Informal and purely social gatherings of Trustees where NHRS business is not discussed are not prohibited by the State Open Meetings Law or this policy.

B. Between the Board Officers and other Trustees. Any Trustee may contact the Chair, or in his or her absence, the Vice-Chair, regarding issues of interest or concern about NHRS.

C. Between the Executive Director and the Board. Information for monthly Board meetings will be sent to all Trustees 5-7 days before the meetings through regular mail and/or email. The Executive Director has the responsibility to communicate with the Board Chair between meetings if and when issues arise that require their immediate attention.

D. Between the Board and the Staff. Open communication should exist between the Board and staff. If a Trustee needs information or assistance, their primary contact is the Executive Director. Alternatively, they may contact other members of the management team directly if the Executive Director is not readily available. Trustees may also contact the Board's executive assistant directly regarding meeting schedules, travel arrangements, reimbursements, mail, and other administrative matters. The Chief Legal

Counsel (“CLC”) can give more specific advice on confidentiality of Board/CLC discussions or legal advice as needed.

E. Between NHRS and the Media. The primary media contact for NHRS is the Executive Director or his or her designee.

F. Between NHRS and the Membership. Information to members regarding the plan or their particular benefits is best communicated by the appropriate NHRS staff with knowledge and expertise. Trustees are not expected nor encouraged to counsel members, retirees, or beneficiaries about their eligibility or benefits. Trustees should encourage the member to speak directly to the appropriate staff member who has the best information available. This also allows NHRS to treat each member fairly and consistently, which is part of the Board’s fiduciary duty.

Discussions of a particular member’s situation outside of a Board meeting can lead to the disqualification of a Trustee should that member make an application for a benefit which requires approval of the Board. Trustees must make decisions based on evidence and testimony presented only at the Board meeting and not on other factors of which a Trustee may be aware.

I. Purpose and Intent

As a matter of general policy concerning fiduciary education, each and every Trustee and IIC member of the New Hampshire Retirement System (“NHRS”) has an inherent and continuing obligation to NHRS’s members and beneficiaries to be informed in the prudent management of the trust, and are encouraged to attend education sessions to better prepare themselves to meet their fiduciary duties. The complexities of the prudent management of the total assets held in trust by the Board, and the delegated administration by staff of the current and future retirement benefits of the members and beneficiaries of NHRS, impose a continuing need for the Trustees and, as appropriate, IIC members to obtain education to allow them to perform those fiduciary and administrative duties owed to the members of NHRS. To permit Trustees and IIC members to discharge their fiduciary duties with care, skill, prudence, and diligence and to ensure that all Trustees have a full understanding of the issues facing NHRS and IIC members have a full understanding of the investment issues facing NHRS, the Board has adopted orientation and continuing education programs, encourages education, and makes available appropriate periodicals to foster Trustee and IIC member awareness of relevant developments. Trustees and, as appropriate, IIC members are strongly encouraged to obtain education on a regular basis that provides and improves core competencies necessary to govern a complex, multi-billion dollar public pension fund with global investments. By Board policy, the Trustees and, as appropriate, IIC members are committed to participating in ongoing orientation and educational activities relating to pension plan governance, investment, and other germane topics, with the expectation and goal of maintaining high levels of engagement and competence.

II. Policy

A. Orientation of New Trustees and IIC members.

- 1. Attendance:** Each new Trustee and IIC member is encouraged to attend an orientation session.
- 2. Timing for Orientation:** The new Trustee or IIC member is urged to attend orientation before sitting at the first Board or IIC meeting as a voting member. The orientation will be arranged to meet the schedule of the Trustee or IIC member and may take place over more than one day.
- 3. Time Commitment:** The orientation is expected to take at least 10 hours of combined self-study and presentation time and may require more or less time depending on the needs of individual Trustees or IIC members.

- 4. Development and Content:** The orientation sessions for new Trustees will be developed by the Executive Director and reviewed by the Governance Committee, and the orientation sessions for new IIC members will be developed by the Director of Investments and reviewed by the Independent Investment Committee. The sessions will include some or all the following topics, depending on whether the orientation is prepared for a Trustee or an IIC member:
- a. A brief history and overview of NHRS, including the mission and purpose of NHRS
 - b. A summary of the laws and rules governing NHRS and the Board;
 - c. An explanation of the legal status of NHRS;
 - d. An explanation of fiduciary responsibility, conflicts of interest, and ethics;
 - e. An explanation of the strategic plan and the planning process;
 - f. A high-level review of existing Board policies;
 - g. A brief explanation of the benefit structure;
 - h. Actuarial concepts and key terms;
 - i. Investment review and key terms;
 - j. A briefing on current and emerging hot topics in the public fund industry;
 - k. Biographical information on the other Trustees or IIC members and executive staff;
 - l. An introduction to NHRS executive staff, and an overview provided by each of them regarding the operations of their various operating divisions;
 - m. A tour of NHRS offices; and
 - n. Other topics as requested by the Board or the IIC.
- 5. Written Materials:** At or before the orientation session(s), the new Trustees or IIC members will receive the following documents:
- a. A listing of names, addresses, and contact information for the Trustees and IIC members;
 - b. A listing of names and contact information for Executive Management;
 - c. Organizational chart;
 - d. Background information about Executive staff;
 - e. Description of Board delegations and Executive staff duties;
 - f. The Board of Trustees Governance Manual, including all governance policies;
 - g. The Investment Manual;
 - h. Governing statutes;
 - i. The most recent Board or IIC packet;
 - j. Minutes from the last year of Board or IIC meetings;
 - k. A list of Board Committees for Trustees;
 - l. Most recent ACFR;

- m. Most recent CAIR;
- n. Most recent actuarial valuation and experience study reports;
- o. Most recent investment performance report;
- p. Fiduciary liability policy or a summary;
- q. Background information about outside consultants and attorneys;
- r. List of all service providers and their roles;
- s. Summary of pending litigation;
- t. Summary of pending state and federal legislation;
- u. Summary of benefits in each plan;
- v. Statistics on member services;
- w. Publications and brochures about benefits and services;
- x. Sample (anonymous) member statements and estimates;
- y. Operating budget for NHRS;
- z. Executive Director evaluation criteria form to be used in upcoming year;
- aa. Board self-evaluation form, if applicable;
- bb. Strategic plan materials, if available;
- cc. Investment dictionary and pension glossaries;
- dd. Website information;
- ee. Selected industry books and periodicals; and
- ff. Any other relevant information or documents deemed appropriate by the Board and/or Executive Director for new Trustees, and any other relevant information or documents deemed appropriate by the Board, Independent Investment Committee, Executive Director and/or Director of Investments for new IIC members.

B. Ongoing Education. Recognizing that the knowledge required for Trustees and IIC members to perform their fiduciary duties with the high level of care and prudence required goes beyond on-the-job training, the Board and the IIC support the pursuit of ongoing education in a variety of ways.

- 1. In-House Education Sessions:** Based on the personal education needs of the Trustees and IIC members and the new topics facing them, the Executive Director or, for the IIC, the Director of Investments will arrange for staff or outside service providers to conduct educational sessions throughout the year at Board and IIC meetings. A minimum of one in-house education session will be held per year for each body.
- 2. Retirement Industry Periodicals:** Trustees and IIC members are encouraged to subscribe to periodicals that address pension and investment-related topics. The expense for the periodicals will be paid by NHRS.
- 3. Fiduciary Training:** Each year the Deputy Director and Chief Legal Officer will arrange for a fiduciary education session during a Board meeting that will

update the Trustees on issues affecting their service on the Board. Trustees are expected to attend.

- 4. Educational Conferences:** Attending educational conferences is considered an appropriate way for Trustees and IIC members to receive continuing education on issues affecting NHRS. Trustees and IC members are encouraged to attend conferences not only to hear speakers on industry topics but also to network with their counterparts serving on similar boards or committees in other states. The Board will maintain a resource list of educational conferences as a framework for the types of opportunities Trustees and IIC members should consider in their fiduciary education. The list will be maintained in an effort to help Trustees and IIC members make decisions about what conference they want to attend. However, the resource list should not be considered an exhaustive list, as other conferences may be identified that Trustees or IIC members would benefit from attending. It will normally be the case that no more than two members of the Board, IIC, and staff shall be given approval to attend the same educational conference; however, the Board, in its discretion, may approve additional attendees.
- 5. Trustee and IIC Member Commitment:** Trustees and IIC members are encouraged, but IIC members are not required, to seek out, evaluate and take advantage of appropriate educational tools, which may include, but are not limited to external conferences, seminars, workshops, roundtables, courses or other industry-specific opportunities.
- 6. Travel Evaluation:** In considering out-of-state educational opportunities, Trustees and IIC members should weigh the costs and benefits of travel against locally-based education to determine if reasonable alternatives exist, particularly related to international travel.
- 7. Approval of Educational Travel:** Board approval of Trustee or IIC member travel is contingent upon review of the agenda, expected costs, and value of the conferences presented in writing in the monthly Board materials. (See Continuing Education Request Form in Appendix B).
- 8. Self-Study Program:** The Executive Director, at the direction of the Board, will develop a self-study program to assist those Trustees and IIC members who desire alternative ways to increase their knowledge about the issues facing NHRS. Web-based education programs may also be an appropriate way for Trustees or IIC members to receive additional education and may, in some instances, serve as an alternative to conferences and seminars.

9. **Continuing Improvement:** The Board recognizes that some educational opportunities are better than others. In order to adequately assess the value of each, the Trustees or IIC members will evaluate in-house and external sessions after attending so the Board can assess whether the educational opportunities were meaningful and helpful. (See Education Evaluation Form in Appendix B).

I. Purpose and Intent

The complexities of prudent management of fund assets impose an obligation for all Trustees of the New Hampshire Retirement System (“NHRS”) and IIC Members to attend business meetings, professional and education conferences, seminars, and fact-finding sessions to perform their fiduciary duties effectively. As fiduciaries, the Trustees and IIC members must see that only reasonable and necessary expenses are incurred in the governance and management of NHRS. This is accomplished through the administrative and investment budgets. In the administrative budget (and other documents where travel expenses are reported), Trustee and IIC travel will be reported separately from staff travel. In addition to the budget, the Board has adopted this Travel Policy to provide more detail about the parameters for fiduciary travel.

II. Policy

- A. Travel to Board and Committee Meetings.** Travel is required to attend any publicly noticed meetings of NHRS Board, its committees or the IIC. Public notice of a Board, Board committee or IIC meeting serves as automatic approval of fiduciary travel necessary to attend the meeting.
- B. Travel for Educational Purposes and NHRS Business.** Travel may be necessary for educational purposes and NHRS business. Trustees and IIC members may be required or encouraged to attend meetings, seminars, conferences or educational classes by NHRS Educational Policy. A budget for travel expenses (transportation, per diems, lodging) will be established within the administrative budget to cover Trustee or IIC member reimbursement of such travel expenses. Any Trustee or IIC member requesting an exception from the budgetary limits must present a written request in advance to the full Board for consideration at a regularly scheduled public meeting.
- C. Expense Reimbursement.** Reasonable expenses are reimbursable under NHRS’s fiscal requirements and must be disclosed and reported pursuant to those requirements of the Board. Claims for reimbursement shall be submitted on the form then in use by NHRS. Trustees and IIC members shall be periodically informed of the amount of the remaining balance of the educational allotment.
- D. Method of Reimbursement.** NHRS shall pay for reasonable travel expenses either by a per diem in accordance with State guidelines or actual expenses that are supported by receipts. The choice of the method of reimbursement is made by each individual Trustee or IIC member.

- E. Spouse or Guest Travel.** The cost of travel of a spouse or guest accompanying the Trustee or IIC member shall be at their personal expense. Shared spousal lodging rarely involves an additional expense; therefore, NHRS shall not require reimbursement from the Trustee or IIC Member for the lodging expenses attributable to a spouse or guest.
- F. Third party payments.** Third party payments by service providers for travel and lodging are not allowed.
- G. Urgent Travel.** It is recognized that there will be occasional need for travel which will arise unexpectedly between regular Board or IIC meetings. In such urgent instances, the Chair of the Board may approve or deny the travel requests which have not been approved at a Board meeting. The Chair of the Board, or in his/her absence the Executive Director, shall give notice to the Board of Trustees and request ratification of the approval granted at its next Board meeting of such ex-parte approvals of travel.

Board Self-Evaluation Policy – Adopted at the June 12, 2018 Board Meeting

At least every three years, the Board will conduct a Self-Evaluation consisting of two parts, referred to as Part A (Trustee self-assessment) and Part B (overall Board self-evaluation). The criteria used in Part A and Part B will address current governance practices and what the Board wants to achieve. See Appendix D-2 for suggested criteria for both Parts.

Governance issues to be discussed will include:

- Usefulness of Board education
- Preparedness for meetings
- Effectiveness of committees
- Timeliness and thoroughness of decision-making
- Approaches to policy development
- Involvement with strategic planning
- Board/executive director relations
- Delegations and oversight

The Board Chair is responsible for overseeing the implementation of this policy, determining whether or not to initiate a Board Self-Evaluation, the approval of the criteria, and for making recommendations to the Board about issues arising out of the evaluation process.

The purpose of the Self-Evaluation is to provide Trustees with a framework for reviewing the performance of the Board in a confidential manner. All Trustees are encouraged to participate.

Copies of the blank Board Self-Evaluation Form will be distributed to each Trustee prior to the annual Board meeting in September. Trustees shall complete the Evaluation Form and return it to the Board Chair or designated third party at least one week before the annual Board meeting.

The Board Chair will prepare and present the summary report to the full Board at the annual Board meeting and will facilitate discussion of the report by the Board.

Nothing in this policy shall be construed as limiting the ability of the Board Chair to initiate a Self-Evaluation exercise at any point in time upon whatever schedule he or she may deem appropriate.

Trustee Employer Reimbursement Policy - Revisions approved at the January 14, 2014, NHRS Board meeting.

I. Purpose and Intent. The purpose of this policy is to establish the conditions under which the Board may reimburse a participating employer for costs relating to the membership of such employer's employee on the Board of Trustees.

II. Policy

The Board, on request of the employer of any active member-Trustee, may, at its discretion, reimburse such employer for costs associated with allowing the member-Trustee to carry out obligations as a Trustee. Such reimbursement shall be limited to the reasonable incremental costs incurred by the employer. An example of such a cost would be the per diem cost of employing a substitute teacher for such member. Trustees are expected to minimize wherever possible the time the member-Trustee is necessarily absent from employment to execute the duties of the Board, including Committee meetings.

Prior to determining whether to make such reimbursement in full or in part, the Board shall request the documentation it deems necessary from the employer

X. PLAN GOVERNANCE POLICIES

Audit Policy – Revisions approved at the October 9, 2018 NHRS Board meeting.

I. Purpose and Intent

State law requires that NHRS undergo an independent financial audit every year. The Board has the overall responsibility for both the external financial audit and the internal audit program for NHRS. The purpose of this policy is to establish the parameters within which those responsibilities shall be performed.

II. Policy

A. External Financial Audits. An external financial audit of NHRS accounting records will take place annually by an outside independent accounting firm. The firm will be selected by the Audit Committee through an RFP process and monitoring of the annual audit will be performed by the Audit Committee. The Audit Committee may establish an Advisory Committee consisting of non-board members who are certified public accountants and others working in the public accounting field to assist in its auditing functions.

The Board determines the scope of the audit engagement and may add other areas to the audit in addition to those required by RSA 100-A:15, VI. The auditor shall present the audited financial report and resulting findings to the Audit Committee for its approval and acceptance by December 31 of each year unless the Board of Trustees, for good cause, shall extend such period.

The Staff is expected to cooperate fully with reasonable requests of the auditors. Written audit findings and management letters will be provided to the Audit Committee along with staff responses to the findings. The documents will be distributed to the Audit Committee as soon as is practicable before the meeting at which they are to be discussed. The Audit Committee Chair will arrange for the Director of Finance to periodically update the full Board on the progress and status of the annual audit.

B. Performance Audits. The Audit Committee may select a qualified independent auditor to conduct performance audits on any topic and at any time it deems prudent and appropriate.

C. Internal Audit. NHRS will maintain an internal audit function to provide independent, objective assurance and guidance to improve operations and ascertain that the assets are appropriately safeguarded and that sound internal controls exist.

The Internal Auditor is responsible for this function and shall take a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, internal control, and the governance processes. Specifically, the Internal Auditor shall:

- Perform an annual risk assessment to identify all business processes and assess the risk level associated with each;
- Present to the Audit Committee for approval an annual audit plan incorporating functional areas or processes identified as high risk and those with known concerns;
- On behalf of the external auditors, administer the GASB Census Data audits performed by the NHRS Employer Auditors.

- Provide advice to the management of NHRS as a result of its activities in a consultative manner to improve their operations; and
- Report regularly to the Audit Committee on its plans, activities, staffing and accomplishments.

The Internal Auditor shall report to the Executive Director of NHRS and to the Audit Committee. So as to ensure the proper exercise of the responsibilities of the position, the Internal Auditor shall have unrestricted access to the Audit Committee and Board of Trustees; similarly, the Audit Committee shall have unrestricted access to the Internal Auditor, including meetings held in non-public session in conformity with RSA 91-A whenever necessary. While the Internal Auditor will typically have no operating responsibilities other than the internal audit function, the Executive Director may from time to time assign the Internal Auditor such special projects and analyses that in the judgment of the Executive Director shall be appropriate. The Internal Auditor shall have complete access to all records, files, information systems, personnel, contractors, physical properties and any other relevant items to aid in accomplishing its mission.

Written audit findings and recommendations will be provided to the Audit Committee and/or the Board along with staff responses to the findings.

The Internal Auditor and the audit staff shall be professionally trained and follow the standards of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

Procurement Policy - Revisions approved at the September 12, 2023 NHRS Board meeting.

I. Purpose and Intent

This Policy is intended to comply with the fiduciary duty of prudence of the Board of Trustees (Board) with respect to the procurement of goods and services for NHRS. The Board's overall intention is to effectively manage expenses, promote fairness and competition among vendors and service providers, and to be flexible to address any unique circumstances that arise during the course of business exigencies. This policy does not cover contracts for investment managers which are governed by the Investment Manual.

II. General Policy

A. Board Responsibilities. The Board has the authority to approve contracts for goods and services that are within established budgets and has delegated to the Executive Director the authority to approve certain contracts without prior approval as provided below.

Competitive bids are generally required, and the Board has delegated to staff the responsibility to seek and review such bids; and, to make recommendations to the Board, as required. The Board, in its discretion or upon recommendation of staff, may require the use of either a formal Request for Proposal (RFP) or Request for Information (RFI) to solicit proposals, taking into consideration the amount of the expenditure, the complexity or materiality of the goods or services to be contracted for and any other facts or circumstances it deems to be relevant. In all instances, an RFP process will be utilized for legal, audit, custodial, investment consultant and actuarial services. In limited instances the use of sole sourcing is permitted as provided for in this policy.

The Board has delegated to staff the responsibility to develop Contract Administration Procedures for identifying vendors and negotiating vendor contracts, renewals and terminations. All contracts must be reviewed and approved in accordance with the Contract Administration Procedures, unless expressly excepted therein.

A. Executive Director Delegation and Responsibilities. The Board of Trustees delegates to the Executive Director the authority to approve contracts for initial expenditures of goods or services for NHRS up to the amount of \$50,000 per contract on an annualized basis, or any amendment or addendum to an existing contract up to the amount of \$50,000 on an annualized basis that provides for additional goods or services that were not included in the initial contract, without prior Board approval. The renewal of a contract under preexisting terms and pricing does not require Board approval. The Executive Director will inform the Board of the approval of such contracts at its next regularly scheduled meeting. Amounts for Small Contracts and Emergency Procurements are not included in these limits.

B. Small Contracts. An initial contract, or a renewal, amendment or addendum to an

existing contract that provides for cost, or additional goods or services that were not included in the initial contract, for an estimated dollar value of \$7,500 or less on an annualized basis, may be made without obtaining competitive pricing if the Executive Director deems that to be reasonable. All efforts will be made to ensure small contracts are awarded in an equitable and fair manner. The Executive Director will inform the Board of such contracts at its next regularly scheduled meeting. Small contracts are not included in the Executive Director's \$50,000 per contract cap.

C. Sole Sourcing. There may be some instances where sole source procurement is optimal for certain contracts, including amendments, addendums, or renewals to existing contracts. Sole sourcing is appropriate when it can be demonstrated that the services or goods being sought are unique in nature or if there is a compelling economic or operational justification for selecting a specific firm, vendor or service provider. In these instances, the Executive Director will document for the Board the reasons for the sole source procurement. This documentation will include a description of the services or goods, the estimated cost, a determination that the estimated costs are fair and reasonable and the supporting rationale for recommending a specific firm, vendor or service provider. Sole source contracts are subject to the dollar limits on authority as herein provided.

D. Emergency Procurement. The Executive Director is authorized to make emergency procurements of up to \$100,000 to address emergency conditions. Emergency conditions are those that if not immediately addressed could negatively affect the continuation of NHRS's functions, the preservation and protection of persons or property, or the best interests of members and beneficiaries. The Executive Director shall immediately advise the Board Chair in such instances and the Board shall ratify any such emergency procurement at its next regularly scheduled meeting. In either instance, the Executive Director shall prepare written justification for the emergency procurement for the Board's consideration. Emergency Procurements are not included in the Executive Director's \$50,000 per contract cap.

Strategic Planning Policy - Revisions approved at the January 14, 2014, NHRS Board meeting.

I. Purpose and Intent

The Board and senior staff of New Hampshire Retirement System (“NHRS”) recognize that the best way to be efficient and orderly in fulfilling the Mission of the organization is through strategic planning.

The purpose of this policy is to establish a framework for long range strategic planning that will guide the shorter term (annual) business plans of the organization. By adopting this policy, the Board states its intention to engage with senior staff in a systematic planning process to assess the needs of NHRS members, evaluate new opportunities to fulfill the mission of the organization, focus resources on high value activities and establish a plan that sets the general parameters within which decisions will be made.

II. Policy

A. Principles. The principles that the Board has adopted for strategic planning are:

- 1. Timing.** NHRS’s strategic plan will be a rolling 3 to 5 year plan that will be updated annually through the cooperative efforts of the Board and senior staff. Discussions of new initiatives or significant changes in direction for NHRS that arise during regular Board meetings will be held in abeyance and incorporated into the agenda for the next the strategic planning session unless the matters are urgent and cannot wait to be addressed.
- 2. Input.** Input from NHRS staff, stakeholders, and other interested parties will be solicited throughout the year.
- 3. Communication.** When the strategic plan has been updated it will be communicated to the entire staff of the organization and to other stakeholders, as appropriate.
- 4. Monitoring Progress.** Each year, progress under the plan will be provided in the form of a written report to the Board for its review and evaluation. Brief quarterly progress reports will also be provided to the Board by the Executive Director. The Board’s consensus view of progress under the plan will be one factor in the performance assessment of the Executive Director, and the Executive Director will, likewise, use planning progress as a factor when assessing performance of the other executives.

B. Board Responsibilities:

- 1. Plan Development and Updates.** Identifying the critical success factors for the overall plan. Reaching consensus and providing input to senior staff on the strategic planning process. Reaching consensus and adopting the initial strategic plan for NHRS, including the Vision, Mission, Core Values, Goals, and Objectives. Updating the plan annually by adding, modifying, or deleting Goals and Objectives.
- 2. Implementation and Measurement.** Monitoring the implementation of the strategic plan. Approving the method for performance measurement, including metrics and benchmarks, in order to evaluate progress under the strategic plan. Assessing NHRS's strengths and weaknesses as well as the opportunities and threats in its environment. The Board will review the Strategic Planning Policy at least every three years to ensure that it remains relevant and appropriate.
- 3. Budgeting.** Approving an operational budget that takes into account the upcoming year's activities under the strategic plan.

C. Executive Director Responsibilities:

- 1. Plan Development and Updates.** Identifying and prioritizing strategic issues. Coordinating with the Board Chair so that the Board and the senior staff work together to review and update the plan's Goals and Objectives. Identifying business risks, opportunities, and needs for NHRS. Preparing white papers and other research to aid the Board in the discussion of strategic issues. Recommending to the Board any Objectives that should be added to or deleted from the plan as well as any other modifications to the contents of the overall plan
- 2. Implementation and Measurement.** Creating strategies that align with the Board's priorities and managing the staff implementation of the plan. Assigning responsibility to staff and others through Action Plans that include timelines and budgets. Closely monitoring progress under the plan and promptly informing the Board of any obstacles that are impeding progress. Preparing annual progress reports for the Board and organizing an annual strategic planning session for the purpose of updating the plan. Seeking input from staff and stakeholders about key strategic issues prior to the annual planning session. Preparing brief quarterly progress reports regarding strategic initiatives for the Board's review.

Pension Recoupment and Hardship Policies – Revisions approved at December 10, 2019 NHRS Board meeting.

I. Purpose and Intent.

The purpose of this Policy is to establish guidelines for recoupment of benefit overpayments.

II. Policy

A. General Considerations. Overpayments under RSA 100-A occur for several reasons, including, but not limited to, the following:

- Payment of an incorrect amount for monthly pension benefits, one-time lump-sum payments or return of contributions;
- Payment of monthly pension benefits for a period during which a retiree was receiving worker's compensation;
- Payment of monthly pension benefits after the death of a retiree;
- Payment of monthly pension benefits after the death or remarriage of a surviving spouse or other beneficiary;
- Payment of monthly pension benefits and medical subsidy payments during a period for which a retiree is restored to service pursuant to RSA 100-A:7; and
- Overpaid medical subsidy payments to third party administrators and former employers on behalf of beneficiaries.

NHRS is authorized to seek recoupment of overpayments under RSA 100-A and general fiduciary trust law principles. The Board's authority to make determinations regarding recoupments and grant Financial Hardship considerations is delegated to the Benefits Committee. NHRS Staff shall develop procedures for administering the policy. The Benefits Committee shall have the discretion to adjust all or any portion of any overpayment. Medical subsidy adjustments involving State of NH retirees shall be conducted in the normal course as monthly vendor adjustments and shall not be considered under this Policy provided there is no financial impact to individual retirees. NHRS Staff shall have the discretion to adjust all or any portion of overpayments less than \$5,000. In each such case, adjustments can be granted based on consideration of the following principles of general trust law and equity:

1. When did NHRS know, or should have known upon reasonable inquiry, that an overpayment had occurred?
2. When did NHRS learn of facts sufficient to serve as constructive or actual notice that an overpayment had been made?

3. How much time has elapsed since the overpayment was made?
4. The amount of the overpayment?
5. The cause of the overpayment and whether a plan fiduciary or NHRS Staff was in error?
6. Whether the recipient of the overpayment is still an annuitant?
7. What disposition has been made by the recipient of the overpayment?
8. Whether recoupment of the overpayment would create a Financial Hardship?
9. Whether it is reasonable to conclude that recoupment efforts would be successful or administratively feasible?

B. Method of Recoupment.

1. Overpayment of Monthly Pension Benefits. Overpayments of monthly pension benefits shall, in the discretion of the Benefits Committee, be recouped in one of the following manners:
 - a) A lump sum payment of the full amount of overpayment, or
 - b) An offset of no less than 50% of the amount of the monthly pension benefit overpaid over a period no longer than twice as long as the period over which the overpayment occurred.
 - c) In the event of a Financial Hardship, an alternative payment plan may be negotiated and agreed to in accordance with the Financial Hardship Policy in Section E. below.
 - d) In the event recoupment is made pursuant to b) or c) above, the amount repaid shall include interest calculated at the actuarial assumed rate of return in effect as of the commencement of the repayment term.
2. Overpayments of Medical Subsidy. Overpayments of medical subsidy payments shall be recouped by offsetting future medical subsidy payments made to the third party administrator or former employer to whom the overpayments were made.
3. Other Overpayments. All other overpayments shall be recouped by a lump sum payment of the full amount of the overpayment.

C. Death of Retiree with Joint Survivorship Benefit or Remarriage of Surviving Spouse. The following rules apply if overpayments are to be recouped following the death of the retiree if there is a joint survivor benefit payable or the remarriage of a surviving spouse receiving a 50% automatic survivor benefit under RSA 100-A:12,I.

1. No Offset Recoupment in Place at Death of the Retiree. If (a) the overpayment is not discovered until after the death of the retiree, (b) an overpayment was discovered prior to death of the retiree but recoupment had not commenced prior to the death of the retiree, or (c) the overpayment occurs after the death of the retiree, then recoupment can be made in either of methods enumerated in Section B. 1. above. Any determination to recoup by means of an offset shall be executed by offsetting the monthly joint survivorship benefit.
2. Offset Recoupment in Place at Death. If a recoupment offset has commenced prior to the death of the retiree, the offset shall continue to be taken against the monthly joint survivorship benefit.
3. Reduction of Offset. In the case of both 1 and 2 above, and in the case where the 50% automatic survival benefit is terminated due to the remarriage of the surviving spouse, the Benefits Committee may, in its sole discretion, reduce the monthly amount of any offset as required by Section B.1.b above to 50% of the amount of the joint survivorship benefit payable (or such greater percentage as the Benefits Committee determines appropriate) if such joint survivorship benefit is less than 100% of the monthly amount overpaid upon which the recoupment amount was based. Such reduced offset shall continue for a period of time sufficient to recoup all of the overpayment.

D. Death of Retiree and No Survivorship Benefit or Death of Surviving Beneficiary. In cases where either (a) overpayments have not been fully recouped upon the death of a retiree and there is no joint survivorship benefit payable, (b) overpayments have not been fully recouped prior to the death of a surviving beneficiary or (c) overpayments are made after the death of a surviving beneficiary, NHRS Staff shall take all reasonable steps to recoup the remaining overpayment including, but not limited to:

1. Contacting the bank of record immediately to stop payment and/or reverse the direct deposit of any monthly benefit payments made after the death of the member or beneficiary.
2. Contacting the deceased member's or deceased beneficiary's next of kin to (a) request the return of any monthly benefit payments made after the death of the member or beneficiary; (b) request repayment of any outstanding overpayment; (c) determine if the estate of the deceased member or beneficiary will be probated; and (d) determine if there are any trusts holding the assets of the deceased member or beneficiary which provide that such assets may be used to pay any outstanding debts of the deceased member or deceased beneficiary.

3. Contacting the probate court to determine if any probate filings have been made with respect to the estate of the deceased member or deceased beneficiary.
4. Making a demand for repayment to the executor or personal representative of the estate of the deceased member or deceased beneficiary for payment and/or filing a claim against the estate in probate court.
5. Making a demand on the trustee of any trusts holding the assets of the deceased member or deceased beneficiary which provide that such assets may be used to pay any outstanding debt of the deceased member or deceased beneficiary.
6. Initiating legal proceedings in a court of competent jurisdiction.
7. Offsetting any excess accumulated contributions that are payable pursuant to RSA 100-A:11, I(d) or RSA 100-A:11, II(e).

E. Financial Hardship Policy. In instances of overpayment in which a member, beneficiary, or other legally responsible party (each, an “Obligor”) claims that repayment would create a Financial Hardship, the Benefits Committee shall have the discretion to adjust the amount to be recouped and/or the method of recoupment to mitigate the hardship for so long as such hardship continues. Any Obligor requesting Financial Hardship consideration shall provide detailed financial information for review by NHRS Staff including, but not be limited to, tax returns, bank statements and a financial affidavit. Such information will be reviewed by NHRS Staff which shall recommended action to the Benefits Committee. In the case of overpayments of medical subsidy payments, Financial Hardship consideration may be granted only if the third party administrator or the former employer indicates that it intends to make a demand for payment on the Obligor of the amount recouped, or to be recouped, from the third party administrator or the former employer under Section B.2. above.

If the Benefits Committee grants consideration based on Financial Hardship, other than a waiver of the full amount to be recouped, NHRS staff shall enter into a settlement agreement with the Obligor providing that the Obligor is required to:

1. Acknowledge the obligation to repay the overpayment amount with applicable interest;
2. Provide updated financial information periodically to determine whether the Obligor’s financial status has changed such as to warrant a change in the amount or method of recoupment.
3. Immediately notify NHRS of any material change in the Obligor’s financial status.

The Benefits Committee may require the Obligor to execute mortgages and/or security agreements that provide NHRS with an enforceable security interest in any real estate or tangible personal property owned by the Obligor with the understanding that such security

interest shall be released by NHRS upon repayment in full of the recoupment amount and accrued interest. In the event that such real or tangible personal property is jointly owned by the Obligor and a third party, or is owned by an entity (such as a corporation, limited liability company or partnership) which is owned or controlled by the Obligor, then the Obligor shall cause such joint owner, or the officer, manager or general partner of such entity, to execute any mortgage or security agreement required under this provision.

Voluntary Correction Program Policy – Revisions approved March 12, 2020 Board Meeting

NEW HAMPSHIRE RETIREMENT SYSTEM PLAN POLICIES

Policy Number: 2011-1

Topic: Voluntary Correction Program and Determination Letter Compliance

I. Purpose

Pursuant to RSA 100-A:14, II, this Policy has been approved by the board of trustees of the New Hampshire Retirement System (NHRS) to satisfy the terms of the Voluntary Correction Program compliance statement issued by the Internal Revenue Service to NHRS on September 1, 2010, and the determination letter issued by the Internal Revenue Service to NHRS on March 9, 2011.

- A. Definitions. To clarify the definition of "plan year" under NHRS.
- B. Limits on Compensation. To affirm that the annual compensation taken into account under NHRS will be limited to the maximum permissible amount that may be allowed under the Internal Revenue Code of 1986, as amended (Internal Revenue Code), and to define compensation under Internal Revenue Code Section 415.
- C. Internal Revenue Code Compliance Provisions. To affirm that NHRS will comply with qualification requirements of the Internal Revenue Code, including but not limited to, maximum contribution and benefit limits, the trust requirement, forfeiture treatment, required minimum distributions, actuarial assumptions, eligible rollover distributions, prohibited transactions, USERRA requirements, vesting requirements, and electronic transaction requirements. See e.g., RSA 100-A:1, XVII and XXV, RSA 100-A:2, RSA 100-A:4, IV, RSA 100-A:10, RSA 100-A:11-a, RSA 100-A:13, RSA 100-A:13-b, RSA 100-A:15, and RSA 100-A:54.

II. Policy

A. Definitions

(a) "Plan year" means the fiscal year beginning each July 1 and ending the following June 30.

B. Limits on Compensation

(a) Limit under Internal Revenue Code 401(a)(17): In no event will the earnable compensation for purposes of determining average final compensation exceed the limit under Internal Revenue Code Section 401(a)(17) pursuant to Section II.C(e) of this Policy.

(b) Limit under Internal Revenue Code 415:

(1) Calculation of a member's earnable compensation for the final 12 months of creditable service ending with the termination of employment pursuant to Ret 310.02(c) and Ret 310.03(b) shall include amounts paid after separation from service only if such amounts are paid by the later of 2½ months after an employee's severance from employment or the end of the plan year that includes the date of the employee's severance from employment and if:

- a. the payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and, absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; or
- b. the payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued.

(2) Notwithstanding the definition of earnable compensation under Ret 310, for purposes of the limitations under Internal Revenue Code Section 415, the definition of compensation pursuant to Section II.C(i)(2) of this Policy shall apply.

C. Internal Revenue Code Compliance Provisions

(a) Effective as of July 1, 1989, the Retirement System will satisfy the qualification requirements in Internal Revenue Code Section 401, as applicable. In order to meet those requirements, NHRS is subject to the following provisions, notwithstanding any other provision of New Hampshire law. The board of trustees may adopt additional policies to implement this section, including additional policies to comply with the Pension Protection Act of 2006.

(b) Internal Revenue Code Section 401(a)(1), (2): Effective as of July 1, 1989, the assets of NHRS are held in trust and may not be used for or diverted to any purpose other than for the exclusive benefit of the members and their beneficiaries and for paying NHRS's reasonable administrative expenses.

(c) Internal Revenue Code Section 401(a)(8): Effective as of September 1, 1974, NHRS will use forfeitures that arise for any reason, including from termination of employment or death, to reduce employer contributions. Forfeitures may not be applied to increase the benefits of any member.

(d) Internal Revenue Code Section 401(a)(9):

(1) Effective as of July 1, 1989, NHRS will pay all benefits in accordance with a good faith interpretation of the requirements of Internal Revenue Code Section 401(a)(9) and the regulations in effect under that section, as

applicable to a governmental plan within the meaning of Internal Revenue Code Section 414(d).

(2) Notwithstanding any other provision of this Policy, effective on and after January 1, 2002, NHRS is subject to the following provisions:

- a. Benefits must begin by the required beginning date, which is the later of April 1 of the calendar year following the calendar year in which the member reaches 70½ years of age (age 72 in the case of a member who attains age 70½ on or after January 1, 2020) or April 1 of the calendar year following the calendar year in which the member terminates employment. If a member fails to apply for retirement benefits by April 1 of the calendar year following the calendar year in which he or she reaches 70½ years of age (age 72 in the case of a member who attains age 70½ on or after January 1, 2020) or April 1 of the calendar year following the calendar year in which he or she terminates employment, whichever is later, the board of trustees will begin distributing the benefit as required by this Policy.
- b. The member's entire interest must be distributed over the member's life or the lives of the member and a designated Beneficiary, or over a period not extending beyond the life expectancy of the member or of the member and a designated Beneficiary.
- c. The life expectancy of a member, the member's spouse, or the member's Beneficiary may not be recalculated after the initial determination for purposes of determining benefits.
- d. If a member dies after the required distribution of benefits has begun, the remaining portion of the member's interest must be distributed at least as rapidly as under the method of distribution before the member's death.
- e. If a member dies before required distribution of the member's benefits has begun, the member's entire interest must be either
 - (i) distributed (in accordance with federal regulations) over the life or life expectancy of the designated Beneficiary, with the distributions beginning no later than December 31 of the calendar year following the calendar year of the member's death, or
 - (ii) distributed within five years of the member's death.

(3) The amount of an annuity paid to a member's Beneficiary may not exceed the maximum determined under the incidental death benefit requirement of Internal Revenue Code Section 401(a)(9)(G), and effective for any annuity commencing on or after July 1, 2008, the minimum distribution incidental benefit rule under Treasury Regulation Section

1.401(a)(9)-6, Q&A-2.

(4) The death and disability benefits provided by NHRS are limited by the incidental benefit rule set forth in Internal Revenue Code Section 401(a)(9)(G) and Treasury Regulation Section 1.401-1(b)(1)(i) or any successor regulation thereto. As a result, the total death or disability benefits payable may not exceed 25% of the cost for all of the members' benefits received from NHRS.

(e) Internal Revenue Code Section 401(a)(17):

(1) Notwithstanding the rules for calculating compensation for determination of benefits under Ret 310, effective July 1, 1996, in accordance with the Omnibus Budget Reconciliation Act of 1993 (OBRA '93), except as provided in this section, the annual compensation NHRS takes into account for any purpose, including contributions or benefits, may not exceed the amount allowed by Internal Revenue Code Section 401(a)(17) as of the first day of the plan year.

(2) The annual compensation of each member taken into account in determining benefits or contributions for any plan year beginning on or after July 1, 1996, and prior to July 1, 2002, may not exceed \$150,000, as adjusted for cost-of-living increases in accordance with Internal Revenue Code Section 401(a)(17)(B).

(3) Effective only for the 1996 plan year, the rules of Internal Revenue Code Section 414(q)(6) will apply in determining the annual compensation limitation, except that a member of the family group will include only the spouse of the member and any lineal descendant of the member who has not attained age nineteen (19) before the close of the year. If the annual compensation of a member and his family members is so limited, the annual compensation of the member and each such family member will be equal to the compensation of each such individual determined without regard to Internal Revenue Code Sections 401(a)(17) and 414(q)(6) divided by such annual compensation for all such individuals as so determined and the quotient multiplied by the applicable Internal Revenue Code Section 401(a)(17) limitation amount, as described above.

(4) The annual compensation of each member taken into account in determining benefits or contributions for any plan year beginning on or after July 1, 2002, may not exceed \$200,000, as adjusted for cost-of-living increases in accordance with Internal Revenue Code Section 401(a)(17)(B).

(5) For purposes of paragraphs (e)(1) through (e)(4), annual compensation means compensation during the fiscal year. The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year. If the determination period consists of fewer than 12 months, the annual compensation limit is an amount equal to the otherwise applicable annual compensation limit multiplied by a fraction, the numerator of which is the

number of months in the short determination period, and the denominator of which is 12. If the compensation for any prior determination period is taken into account in determining a member's contributions or benefits for the current plan year, the compensation for such prior determination period is subject to the applicable annual compensation limit in effect for that prior period.

(6) The limits referenced in paragraph (e)(1) through (e)(5) above apply only to plan years beginning on or after July 1, 1996, and only to individuals who first become members in plan years beginning on and after July 1, 1996. Individuals who become members before plan years beginning on and after July 1, 1996, are not subject to the limits of Internal Revenue Code Section 401(a)(17). Pursuant to Section 13212(d)(3)(A) of OBRA '93, and the regulations issued under that section, the annual compensation in effect under Internal Revenue Code Section 401(a)(17) does not apply to any such member in any year.

(f) Internal Revenue Code Section 401(a)(25): Effective as of July 1, 1989, NHRS will determine the amount of any benefit that is determined on the basis of actuarial assumptions using assumptions adopted by the board of trustees by policy; such benefits will not be subject to employer discretion. Any such assumptions are incorporated herein by reference.

(g) Internal Revenue Code Section 401(a)(31): This subsection applies to distributions made on or after January 1, 1993. Notwithstanding any contrary provision or retirement law that would otherwise limit a distributee's election under this Policy, a distributee may elect, at the time and in the manner prescribed by the board of trustees, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(1) Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or the life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Internal Revenue Code Section 401(a)(9); the portion of any distribution that is not includible in gross income; and any other distribution that is reasonably expected to total less than \$200 during the year. Effective January 1, 2002, a portion of a distribution will not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions that are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Internal Revenue Code Section 408(a) or (b), or to a

qualified defined contribution plan described in Internal Revenue Code Section 401(a) or to a qualified plan described in Internal Revenue Code Section 403(a), or on or after January 1, 2007, to a qualified defined benefit plan described in Internal Revenue Code Section 401(a) or to an annuity contract described in Internal Revenue Code Section 403(b), that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of the distribution that is includible in gross income and the portion of the distribution that is not so includible.

(2) Eligible retirement plan: An eligible retirement plan is:

- a. effective January 1, 2002, a plan eligible under Internal Revenue Code Section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that agrees to separately account for amounts transferred into the plan from NHRS,
- b. an individual retirement account described in Internal Revenue Code Section 408(a),
- c. an individual retirement annuity described in Internal Revenue Code Section 408(b),
- d. an annuity plan described in Internal Revenue Code Section 403(a),
- e. effective January 1, 2002, an annuity contract described in Internal Revenue Code Section 403(b),
- f. a qualified trust described in Internal Revenue Code Section 401(a), that accepts the distributee's eligible rollover distribution, or
- g. effective January 1, 2008, a Roth IRA described in Internal Revenue Code Section 408A.

(3) Effective January 1, 2002, the definition of eligible rollover distribution also includes a distribution to a surviving spouse, or to a spouse or former spouse who is an alternate payee under a domestic relations order, as defined in Internal Revenue Code Section 414(p).

(4) Distributee: A distributee includes an employee or former employee. It also includes the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Internal Revenue Code Section 414(p). Effective January 1, 2007, it further includes a nonspouse beneficiary who is a designated beneficiary as defined by Internal Revenue Code Section 401(a)(9)(E). However, a nonspouse beneficiary may rollover the distribution only to an individual retirement account or individual retirement annuity established for the

purpose of receiving the distribution and the account or annuity will be treated as an "inherited" individual retirement account or annuity.

(5) Direct rollover: A direct rollover is a payment by NHRS to the eligible retirement plan specified by the distributee.

(h) Automatic Rollovers under Internal Revenue Code Section 401(a)(31)(B): Effective January 1, 2006, in the event of a mandatory distribution greater than \$1,000, if a member does not elect to have such distribution paid directly to an eligible retirement plan specified by the member in a direct rollover or to receive the distribution directly, the board of trustees will pay the distribution in a direct rollover to an individual retirement plan designated by the board of trustees in accordance with Internal Revenue Code Section 401(a)(31)(B) and IRS Notice 2005-5.

(i) Internal Revenue Code Section 415:

(1) General: Effective as of July 1, 1989, member post-tax contributions paid to, and retirement benefits paid from, NHRS may not exceed the annual limits on contributions and benefits, respectively, allowed by Internal Revenue Code Section 415 and the regulations thereunder. The foregoing section of the Code and the regulations thereunder are incorporated herein by reference. Notwithstanding the foregoing, effective July 1, 2004, the Plan shall comply with the provisions of the Pension Funding Equity Act of 2004 modifying the rules set forth in section 415 of the Code, to the extent applicable.

(2) Applicable Compensation: For purposes of applying the limits under Internal Revenue Code Section 415, the definition of compensation where applicable will be compensation as defined in Treasury Regulation Section 1.415(c)-2(d)(3), or successor regulation; provided, however, that the definition of compensation will exclude member contributions picked up under Internal Revenue Code Section 414(h)(2), and for limitation years beginning after December 31, 1997, compensation will include the amount of any elective deferrals, as defined in Internal Revenue Code Section 402(g)(3), and any amount contributed or deferred by the employer at the election of the member and which is not includible in the gross income of the member by reason of Internal Revenue Code Section 125 or 457, and for limitation years beginning on and after January 1, 2001, Internal Revenue Code Section 132(f)(4). For limitation years beginning on and after January 1, 2007, compensation for the limitation year will also include compensation paid by the later of 2½ months after an employee's severance from employment or the end of the limitation year that includes the date of the employee's severance from employment if:

- a. the payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses or

other similar payments, and, absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; or

- b. the payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued.

(3) Defined Benefit Limits:

- a. Before July 1, 1995, a member may not receive an annual benefit that exceeds the limits specified in Internal Revenue Code Section 415(b), subject to the applicable adjustments in that section. On and after July 1, 1995, a member may not receive an annual benefit that exceeds the dollar amount specified in Internal Revenue Code Section 415(b)(1)(A), subject to the applicable adjustments in Internal Revenue Code Section 415(b).

- b. On and after July 1, 1995, in no event shall a member's annual benefit payable under NHRS in any limitation year be greater than the limit applicable at the annuity starting date, as increased in subsequent years pursuant to Internal Revenue Code Section 415(d) and the regulations thereunder. If the form of benefit without regard to the automatic benefit increase feature is not a straight life or a qualified joint and survivor annuity, then the preceding sentence is applied by either reducing the Internal Revenue Code Section 415(b) limit applicable at the annuity starting date or adjusting the form of benefit to an actuarially equivalent straight life annuity benefit determined using the following assumptions that takes into account the death benefits under the form of benefit:

- (i) For a benefit paid in a form to which section Internal Revenue Code Section 417(e)(3) does not apply, the actuarially equivalent straight life annuity benefit which is the greater of (or the reduced Internal Revenue Code Section 415(b) limit applicable at the annuity starting date which is the lesser of when adjusted in accordance with the following assumptions):

- A. The annual amount of the straight life annuity (if any) payable to the participant under the plan commencing at the same annuity starting date as the form of benefit payable to the participant, or

- B. The annual amount of the straight life annuity commencing at the same annuity starting date

that has the same actuarial present value as the form of benefit payable to the participant, computed using a 5 percent interest assumption (or the applicable statutory interest assumption) and (i) for years prior to July 1, 2009, the applicable mortality tables described in Treasury Regulation Section 1.417(e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Rulings 2001-62), and (ii) for years beginning on or after July 1, 2009, the applicable mortality tables described in Internal Revenue Code Section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code Section 417(e)(3)(B)); or

(ii) For a benefit paid in a form to which Internal Revenue Code Section 417(e)(3) applies, the actuarially equivalent straight life annuity benefit which is the greatest of (or the reduced Internal Revenue Code Section 415(b) limit applicable at the annuity starting date which is the least of when adjusted in accordance with the following assumptions):

A. The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using the interest rate and mortality table, or tabular factor, specified in the plan for actuarial experience;

B. The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using a 5.5 percent interest assumption (or the applicable statutory interest assumption) and (i) for years prior to July 1, 2009, the applicable mortality tables for the distribution under Treasury Regulation Section 1.417(e)-1(d)(2) (the mortality table specified in Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Ruling 2001-62), and (ii) for years beginning on

or after July 1, 2009, the applicable mortality tables described in Internal Revenue Code Section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code Section 417(e)(3)(B)); or

- C. the annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable (computed using the applicable interest rate for the distribution under Treas. Reg. §1.417(e)-1(d)(3) (the 30-year Treasury rate (prior to July 1, 2007, using the rate in effect for the month prior to retirement, and on and after July 1, 2007, using the rate in effect for the first day of the plan year with a one-year stabilization period)) and (i) for years prior to July 1, 2009, the applicable mortality tables for the distribution under Treasury Regulation Section 1.417(e)-1(d)(2) (the mortality table specified in Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Ruling 2001-62), and (ii) for years beginning on or after July 1, 2009, the applicable mortality tables described in Internal Revenue Code Section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code Section 417(e)(3)(B)), divided by 1.05.

(4) Cost of Living Adjustments: For purposes of applying the limits under Internal Revenue Code Section 415(b) (Limit), the following will apply:

- a. prior to July 1, 2007, adjustments under former RSA 100-A:41-a, b, and c will be taken into consideration when determining a member's applicable Limit;
- b. on and after July 1, 2007, with respect to a member who does not receive a portion of the member's annual benefit in a lump sum:
 - (i) a member's applicable Limit will be applied to the member's annual benefit in the first limitation year without regard to any automatic cost of living increases under former RSA 100-A:41-a, b, and c;

- (ii) to the extent the member's annual benefit equals or exceeds the Limit, the member will no longer be eligible for cost of living increases under former RSA 100-A:41-a, b, and c until such time as the benefit plus the accumulated increases under former RSA 100-A:41-a, b, and c are less than the Limit; and
 - (iii) thereafter, in any subsequent limitation year, the member's annual benefit including any automatic cost of living increase applicable under former RSA 100-A:41-a, b, and c shall be tested under the then applicable benefit limit including any adjustment to the Internal Revenue Code Section 415(b)(1)(A) dollar limit under Internal Revenue Code Section 415(d) and the regulations thereunder; and
- c. on and after July 1, 2007, with respect to a member who receives a portion of the member's annual benefit in a lump sum, a member's applicable Limit shall be applied taking into consideration automatic cost of living increases under former RSA 100-A:41-a, b, and c as required by Internal Revenue Code Section 415(b) and applicable Treasury Regulations.

(5) Defined Contribution Limits:

- a. Unless the provisions of paragraph (6) apply, the post-tax member contributions and any additional member annuity contributions will be subject to the annual limits of Internal Revenue Code Section 415(c), subject to annual adjustments.
- b. Notwithstanding any other provision of law to the contrary, the board of trustees may modify a request by a member to make a contribution to NHRS if the amount of the contribution would exceed the limits provided in Internal Revenue Code Section 415 by using the following methods:
 - (i) If the law requires a lump sum payment for the purchase of service credit, the board of trustees may establish a periodic payment plan for the member to avoid a contribution in excess of the limits under Internal Revenue Code Sections 415(c) or 415(n).
 - (ii) If payment pursuant to clause (i) will not avoid a contribution in excess of the limits imposed by Internal Revenue Code Section 415(c), the board of trustees will either reduce the member's contribution to an amount within the limits of that section or refuse the member's contribution.

(6) Permissive Service Credit Purchases:

- a. Effective for permissive service credit contributions made in years beginning after December 31, 1997, if a member makes one or more contributions to purchase permissive service credit under NHRS, then the requirements of this section will be treated as met only if—
- (i) the requirements of Internal Revenue Code Section 415(b) are met, determined by treating the accrued benefit derived from all such contributions as an annual benefit for purposes of Internal Revenue Code Section 415(b), or
 - (ii) the requirements of Internal Revenue Code Section 415(c) are met, determined by treating all such contributions as annual additions for purposes of Internal Revenue Code Section 415(c).

For purposes of applying clause (i) NHRS will not fail to meet the reduced limit under Internal Revenue Code Section 415(b)(2)(C) solely by reason of this paragraph (6), and for purposes of applying clause (ii) NHRS will not fail to meet the percentage limitation under Internal Revenue Code Section 415(c)(1)(B) solely by reason of this paragraph (6).

- b. For purposes of this paragraph (6) the term "permissive service credit" means service credit—
- (i) specifically authorized by state law and recognized by NHRS for purposes of calculating a member's benefit under NHRS,
 - (ii) which such member has not received under NHRS, and
 - (iii) which such member may receive only by making a voluntary additional contribution, in an amount determined under NHRS, which does not exceed the amount necessary to fund the benefit attributable to such service credit.

Effective for permissive service credit contributions made in years beginning after December 31, 1997, such term may include service credit for periods for which there is no performance of service, and, notwithstanding clause (ii), may include service credited in order to provide an increased benefit for service credit which a member is receiving under NHRS.

- c. The NHRS will fail to meet the requirements of this paragraph (6) if—

- (i) more than 5 years of nonqualified service credit are taken into account for purposes of this paragraph (6), or
 - (ii) any nonqualified service credit is taken into account under this paragraph (6) before the member has at least 5 years of participation under NHRS.
 - d. For purposes of subparagraph c, effective for permissive service credit contributions made in years beginning after December 31, 1997, the term "nonqualified service credit" means permissive service credit other than that allowed with respect to—
 - (i) service (including parental, medical, sabbatical, and similar leave) as an employee of the Government of the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of a repayment described in Internal Revenue Code Section 415(k)(3)),
 - (ii) service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in clause (i)) of an education organization described in Internal Revenue Code Section 170(b)(1)(A)(ii) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed,
 - (iii) service as an employee of an association of employees who are described in clause (i), or
 - (iv) military service (other than qualified military service under Internal Revenue Code Section 414(u)) recognized by such governmental plan.

In the case of service described in clause (i), (ii), or (iii), such service will be nonqualified service if recognition of such service would cause a member to receive a retirement benefit for the same service under more than one plan.
 - e. For an eligible member, the limitation of Internal Revenue Code Section 415(c)(1) shall not be applied to reduce the amount of permissive service credit which may be purchased to an amount less than the amount which was allowed to be purchased under the terms of NHRS's statutes and rules as in effect on August 5, 1997. For purposes of this

subparagraph, an eligible member is an individual who first became a member in NHRS before July 1, 1998.

(7) Trustee-to-Trustee Transfers: In the case of a trustee-to-trustee transfer after December 31, 2001, to which Internal Revenue Code Section 403(b)(13)(A) or 457(e)(17)(A) applies (without regard to whether the transfer is made between plans maintained by the same employer)—

- a. the limitations of subparagraph (6)(c) will not apply in determining whether the transfer is for the purchase of permissive service credit, and
- b. the distribution rules applicable under federal law to NHRS will apply to such amounts and any benefits attributable to such amounts.

(8) Limitation Year: The limitation year for purposes of Internal Revenue Code Section 415 is the fiscal year beginning each July 1 and ending the following June 30.

(9) Amendment: Nothing contained in this section will limit the Legislature from modifying benefits to the extent such modifications are permissible by applicable state and federal law.

(j) Internal Revenue Code Section 503(b): Effective as of July 1, 1989, the board of trustees may not engage in a transaction prohibited by Internal Revenue Code Section 503(b).

(k) Internal Revenue Code Section 414(u):

(1) Effective December 12, 1994, notwithstanding any other provision of NHRS law, contributions, benefits and service credit with respect to qualified military service are governed by Internal Revenue Code Section 414(u) and the Uniformed Services Employment and Reemployment Rights Act of 1994.

(2) Effective with respect to deaths occurring on or after January 1, 2007, while a member is performing qualified military service (as defined in chapter 43 of title 38, United States Code), death benefits shall be provided by NHRS under RSA 100-A:9-I to the survivors of a member to the extent required by Internal Revenue Code Section 401(a)(37). A deceased member's period of qualified military service must be counted for vesting purposes.

(3) Beginning January 1, 2009, to the extent required by Internal Revenue Code Sections 3401(h) and 414(u)(2), any differential wage payments to an individual from an employer (while the individual is performing qualified military service (as defined in chapter 43 of title 38, United States Code)) shall be treated as compensation for purposes of applying the limits on annual additions under Internal Revenue Code Section 415(c).

(l) Internal Revenue Code Section 411(e): Effective as of September 1, 1974, in addition to any protection provided by this ordinance and New Hampshire law:

(1) A member will be 100% vested in all Plan benefits upon attainment of the Plan's age and service requirements for the Plan's normal retirement benefit; and

(2) A member will be 100% vested in all Plan benefits, to the extent funded, if the Plan is terminated.

(m) Electronic Transactions: In those circumstances where a written election or consent is not prohibited by NHRS or the Internal Revenue Code, an electronic or telephonic form, in lieu of or in addition to a written form, may be permitted by NHRS.

FUNDING OBJECTIVES

The main financial objective of the New Hampshire Retirement System (NHRS) is to receive employer and member contributions to fund the long-term costs of benefits provided by statute to plan members and beneficiaries. From the perspective of the members and beneficiaries, a funding policy based on actuarially determined contributions is one which will pay all benefits provided by statute when due. From the perspective of the contributing plan sponsors and taxpayers, the actuarially determined contributions have the additional objectives of keeping contribution rates relatively stable as a percentage of active member payroll and equitably allocating the costs over the active members' period of active service. For pension funding, the payment of benefits is supported in part by income earned on investment assets. This funding policy meets those criteria. It is stipulated by state law and implemented through the application of Board adopted governance policies.

Statutory Pension Funding Policy for NHRS

The statute that establishes the pension funding policy for NHRS is RSA 100-A:16.

RSA 100-A:16 Excerpts:

100-A:16 Method of Financing – All of the assets of the retirement system shall be credited, according to the purpose for which they are held, between 2 funds, namely, the member annuity savings fund and the state annuity accumulation fund. Each of the funds shall be subdivided on account of the various member classifications. In making the determinations required under this section for financing the retirement system, the Board of Trustees shall use the entry age normal funding methodology. The Board of Trustees shall direct the system's actuary to prepare biennial valuations of the system's assets and liabilities commencing with the valuation prepared as of June 30, 2007. Such biennial valuation shall be the basis for determining the annual contribution requirements of the system until the next following biennial valuation.

II(b) The contributions of each employer for benefits under the retirement system on account of group II members shall consist of a percentage of the earnable compensation of its members to be known as the "normal contribution," and an additional amount to be known as the "accrued liability contribution;" provided that beginning with state fiscal year 2013 and for each state fiscal year thereafter, any employer shall pay the full amount of such total contributions. The rate percent of such normal contribution, including contributions on behalf of group II members whose group II creditable service is in excess of 40 years, in each instance shall be fixed on the basis of the liabilities of the system with respect to the particular members of the various member classifications as shown by actuarial valuations,

II(c) The contributions of each employer for benefits under the retirement system on account of group I members shall consist of a percentage of the earnable compensation of its members to be known as the "normal contribution," and an additional amount to be known as the "accrued liability contribution;" provided that beginning with state fiscal year 2013 and for each state fiscal year thereafter, any employer shall pay both normal and accrued liability contributions. The rate percent of such normal contribution in each instance shall be fixed on the basis of the liabilities of the system with respect to the particular members of the various member classifications as shown by actuarial valuation,

...

II(e)(1) Immediately following the actuarial valuation prepared as of June 30 of each fiscal year, the Board shall have the system's actuary determine the amount of the unfunded accrued liability for each member classification as the amount of the total liabilities of the state annuity accumulation fund on account of such classification which is not dischargeable by the total of the funds in hand to the credit of the state annuity accumulation fund on account of such classification, and the aforesaid normal contributions to be made on account of the members in such classification during the remainder of their active service. The amount so determined with respect to each member classification shall be known as the "unfunded accrued liability" with respect to such classification.

(2) On the basis of each such unfunded accrued liability, the board shall have the system's actuary determine the level annual contribution required to discharge such amount as provided in subparagraph (3).

(3) The unfunded liability as of June 30, 2017 shall be amortized through 2039. Each subsequent change in liability as calculated in odd-numbered years shall be separately amortized over a fixed period of no longer than 20 years.

Board Established Policy Associated with Funding:

Actuarial Cost Method

The law stipulates under RSA 100-A:16 the use of the entry age normal actuarial cost method for each of the four member classifications. The purpose of this method is to determine the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, that is:

Sufficient to accumulate to the value of the member's benefit at the time of retirement, and A constant percentage of the member's year by year projected covered pay.

The actuarial accrued liability under this cost method is the accumulation of normal costs accrued prior to the actuarial valuation date. The actuarial accrued liability represents the theoretical amount of assets required to fund benefits earned on members' past service. The normal cost represents the cost required to fund benefits accruing during the current year.

Under RSA 100-A:16, II(i), if the actuarially determined normal contribution rate as set forth in subparagraphs (b) and (c) on account of any of the various member classifications shall be negative in any fiscal year, then the excess amount resulting from the difference between zero and the negative actuarially determined normal contribution rate shall be used to reduce the member contribution rate for that member classification in that fiscal year.

Under RSA 100-A:16, II-a(a), if within a member classification the employer rates have lowered to require them to be equal to the member rates, then for all subsequent years the employer rates and the members' rates for such member classification shall continue to be equal whether the system liabilities increase or decrease.

Asset Valuation Method

The actuarial value of assets is based on the market value with investment gains and losses smoothed over 5 years. The actuarial value of assets will not consistently be above or below the market value and is expected to converge to the market value in a relatively short period of time. At any time it may be either greater or less than market value. During periods when investment performance exceeds the assumed rate, actuarial value of assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, actuarial value of assets will tend to be greater than market value. If assumed rates are exactly realized for 4 consecutive years, the actuarial value will become equal to market-value.

Actuarial value is limited to a 20% corridor around the market value. This means that if the preliminary development of the actuarial value results in an amount that is greater than 120% of the market value (or less than 80% of the market value), the final actuarial value is limited to 120% (or 80%) of the market value. Any gains or losses on the market value outside of the 20% corridor are therefore recognized immediately.

Amortization Method

Pursuant to the Laws of 2018, Chapter 48, RSA 100-A:16, II(e), was revised in June 2018 and stipulates that the unfunded accrued actuarial liability as of June 30, 2017 shall be amortized through 2039. It further states that each subsequent change in liability as calculated in odd-years will be amortized as a level percentage of pay for no longer than 20 years. For each actuarial valuation in the subsequent odd years, a new 20-year amortization, as a level percentage of payroll, of the actuarial gain or loss will be created in that actuarial valuation. This Actuarial Funding Policy implements the intent of the statute.

Beginning with the June 30, 2007 actuarial valuation which determined the employer contribution rates beginning with the fiscal year ending June 30, 2010, the 30-year period is a closed period ending June 30, 2039.

The amortization method is a level percentage of payroll, consistent with RSA 100-A:16, II(b) and (c).

Funding Target

The funding objective is to achieve 100% funding. For this purpose, 100% funding means that the Actuarial Value of Assets equals the Actuarial Accrued Liability. The amortization objective is to reach 100% funding by June 30, 2039 for the Unfunded Accrued Actuarial Liability as of June 30, 2017.

Risk Management

The main financial objective of this funding policy is to fund the long-term costs of benefits provided by statute to plan members and beneficiaries. There are numerous risks that NHRS faces in trying to achieve this objective including funding risk, demographic risk, investment risk, and benefit risk. The Board policies for managing these risks are outlined in this section.

Funding Risk

Frequency of Actuarial Valuations

Regular valuations manage funding risk by allowing employer contribution rates to reflect actual experience as it emerges. Funding valuations are required by RSA 100- A:16, III, as of June 30 every other year on the odd years to determine employer contribution rates for the biennium beginning two years after the valuation date.

Interim funding valuations on June 30 of the even years are required for financial reporting. Funding calculations from interim valuations may be used as additional information for budgeting contributions in anticipation of the next rate setting valuation.

Demographic and Investment Risk

Process for Reviewing and Updating Actuarial Assumptions

The Board adopts actuarial assumptions based on recommendations of the system's actuary. Demographic and investment risks may be managed in part by having regular reviews of the actuarial assumptions. The law stipulates that the Board shall have the system's actuary make an actuarial investigation into the experience of the System at least every 5 years (RSA 100-A:14, IX) and shall adopt actuarial assumptions as necessary. The Board shall have the system's actuary make an actuarial investigation into the experience of the System every 4 years and shall adopt actuarial assumptions as necessary. If circumstances warrant, the Board may undertake an experience study or change assumptions more frequently based on the recommendation of the system's actuary.

The experience study report shall include, but not necessarily be limited to analysis of and recommendations regarding the following assumptions.

- i. Pre-retirement withdrawal rates
- ii. Retirement rates
- iii. Disability rates
- iv. Pay increase rates
- v. Mortality rates both before and after retirement
- vi. Investment returns considering both real return and inflation, which must be consistent with the investment policy

The system's actuary shall assume no change in the active member population unless there is compelling evidence to support the expectation of a significant increase or decrease in the workforce covered by the System.

The experience study report will serve as the basis for determinations by the Board regarding whether or not demographic or economic assumptions should be modified for future valuations.

In the interim years, the system's actuary shall issue a written opinion in regard to the reasonableness of the assumed rate of return that shall address any difference between the assumed rate of return and the expected rate of return as determined by the Independent Investment Committee (RSA 100-A:15, VII(c)(1)).

Because actuarial audits are valuable tools for monitoring the quality of actuarial services performed on behalf of NHRS, the Board shall also engage the services of an outside actuary to perform a review of the work of the system's actuary at least every four years. The process of staff procuring these actuarial audit services shall begin once the Board accepts each regular four year experience study. The level and scope of the audit shall be determined by the Board. The Board may also pursue actuarial audit services outside of this four year cycle, if it determines that circumstances warrant it. If there has been a change in actuarial firms since the most recent actuarial audit, the four year requirement for actuarial audit services does not apply.

Responding to Favorable/Unfavorable Investment Experience

Investment risk is addressed in the system's Investment Manual. Annual investment experience other than assumed is reflected in the valuation asset method described above.

Asset Liability Studies

The Board adopts an asset allocation based on recommendations from the Independent Investment Committee (IIC), which relies upon the advice from the

Director of Investments and the Investment Consultant to formulate its recommendations to the Board. The asset allocation approved by the Board will reflect the results of an asset liability study performed at least once in every five-year period, or more often, as recommended by the IIC, system staff, and Investment Consultant.

Risk Measures

In order to quantify the risks outlined in this Actuarial Funding Policy, the following metrics will be included in annual valuation reports. These metrics provide quantifiable measurements of risk and its movement over time:

- i. Funded ratio (actuarial value of assets divided by actuarial accrued liability).
 - Measures progress towards the funding objective of the 100% target funded ratio.
- ii. Actual total payroll versus expected total payroll for each member classification.
 - Measures the funding risk associated with receiving contributions as a level percent of payroll.
- iii. Dollar standard deviation of investment return divided by total payroll
 - Measures the risk associated with negative asset returns relative impact on the funded status of the plan. A decrease in this measure indicates a decrease in investment risk.
- iv. Total unfunded actuarial accrued liability (UAAL) divided by total payroll
 - Measures the risk associated with contribution decreases relative impact on the ability to fund the UAAL. A decrease in this measure indicates a decrease in contribution risk.
- v. Total actuarial accrued liability (AAL) divided by total payroll
 - Measures the risk associated with the ability to respond to liability experience through adjustments in contributions. A decrease in this measure indicates a decrease in experience risk. This also provides a long-term measure of the asset risk in situations where the system has a funded ratio below 100%.
- vi. Total actuarial value of assets divided by total payroll

- Measures the risk associated with the ability to respond to asset experience through adjustments in contributions. A decrease in this measure indicates a decrease in asset risk.

vii. Dollar standard deviation of contribution rate divided by total payroll

- Measures the impact of a one standard deviation change in investment return on the annual contribution rate. This rate is expected to stabilize with the introduction of layered amortization.

viii. Net cash flow as a percent of market value of assets

- Measures money coming in less money going out. This ratio is expected to be negative and trend toward the negative of the real return assumption.

ix. Ratio of actives to retirees

- Fully mature plans may have ratios near 1.0.

Benefit Risk

Responding to Legislative Proposals and Changes

Benefit risk may be managed as follows:

1. The NHRS shall review legislative proposals and changes for the potential legal, administrative, IRC compliance, and funding impact on the system. If a legislative proposal has the potential for a meaningful impact on plan funding, the Board shall consult with the system's actuary to estimate the actuarial impact to the system.
2. Under RSA 100-A:15, VII(d), the NHRS may request or recommend legislative proposals to comply with other state or federal regulations, improve administration, or secure funding for benefits provided by statute.

The NHRS does not determine the eligibility requirements for benefits nor the level of benefits.

Miscellaneous Matters Associated with Funding:

Overall Conformance with Professional Standards of Practice

By law, the actuary shall be a member of the American Academy of Actuaries and have at least 7 years of actuarial experience (RSA 100-A:1, XXIX). The actuary shall meet the Qualification Standards of the American Academy of Actuaries and the work of the actuary in connection with this policy shall conform to Actuarial Standards of Practice for public employee retirement plans promulgated by the Actuarial Standards Board and shall satisfy the requirements of the Governmental Accounting Standards Board

with respect to the development of information needed by the system and by employers for financial reporting purposes.

I. Purpose and Intent

This policy expresses the commitment of NHRS to effective fraud risk management through the commitment, cooperation and involvement of employees and members of the Board of Trustees in preventing, detecting and responding to all instances of fraud. This policy affirms the importance of fraud prevention to NHRS as a tool to achieve its mission, vision and strategic plan.

Non-compliance with this policy may lead to disciplinary action including, but not limited to, termination and criminal or civil action.

This policy is intended to provide a framework for the responsible and professional conduct by all NHRS employees and members of the Board of Trustees who may find themselves in a position of suspecting or identifying potentially fraudulent activities related to NHRS.

II. Definitions

- A. *Fraud* – Fraud is an intentional act or use of words or an intentional omission designed to deceive another and avoid detection, resulting in the victim suffering a loss and/or the perpetrator achieving a gain. Fraud includes the use of one's position for personal gain through the deliberate misuse or misapplication of NHRS assets or resources. Examples of fraud could include, but are not limited to:
1. Misappropriation of assets such as funds, information, equipment and supplies.
 2. Impropriety in processing or reporting of financial transactions.
 3. Profiting as a result of insider information acquired by virtue of employment or Trusteeship at NHRS.
 4. Disclosing confidential and proprietary information to outside parties.
 5. Accepting or seeking anything of value from contractors, vendors or others providing supplies or services to NHRS.
 6. Destruction, removal or inappropriate use or accessing of records or other NHRS property.
- B. *Retaliation* – NHRS recognizes that the requirement to report fraudulent acts or other irregularities can be difficult because of the fear of reprisals against the complainant. NHRS will not tolerate such retaliation and will take the necessary action to protect those who raise concerns in good faith. NHRS management strictly prohibits any person from engaging in retaliation against a complainant for:
1. Providing information or making a complaint regarding conduct the complainant reasonably believes constitutes fraud.
 2. Reporting of, or participating in, proceedings related to fraud against the alleged perpetrator.

- C. *Confidentiality* - When an individual raises a concern or reports a possible fraudulent event and does not wish his or her name to be disclosed, NHRS will do its best to protect that individual's identity. However, it should be noted that the investigation process may require that the source of the information be revealed and the complainant may be required to provide a statement and identity as part of the evidence.
- D. *Untrue Allegations* - Allegations made in good faith, but not confirmed by the investigation, will not result in any action against the complainant. However, if it is determined that the complainant made an allegation of fraud maliciously and without a reasonable basis, a disciplinary action may be considered against the complainant.

III. Responsibilities

All NHRS employees and Trustees are required to:

- A. Act in an honest and ethical manner and protect the reputation and assets of NHRS.
- B. Be alert for signs of fraudulent activity.
- C. Uphold, institute, review and maintain fraud prevention strategies.
- D. Fully cooperate with the implementation of fraud prevention strategies and with investigations related to fraud.
- E. Report awareness of suspected fraudulent conduct.

IV. Reporting Requirements

- A. All Trustees and NHRS employees are required to report suspected fraudulent activity in good faith based on reasonable belief.
- B. Reports from employees should generally be made to the complainant's immediate supervisor or, if uncomfortable doing so, to the employee's ETeam Director, the Executive Director, the Deputy Director and Chief Legal Counsel, the Director of HR , or the Internal Auditor.
- C. Reports from Trustees should be made to the Board Chair or, if uncomfortable doing so, to the Executive Director, Deputy Director and Chief Legal Counsel and Internal Auditor.
- D. The Executive Director, Deputy Director and Chief Legal Counsel and Internal Auditor will be provided with all reports of suspected fraudulent activity unless there is a conflict of interest on their parts.

V. Investigations

- A. Great care needs to be taken in the investigation of suspected fraud or criminal action so as to avoid: 1) unfounded/incorrect accusations; 2) alerting individuals against whom an allegation has been made that a matter has been raised and an investigation is underway; and, 3) making statements which could expose the complainant to legal liability. Confidentiality in accordance with any and all applicable laws concerning the information offered by the complainant will be maintained at all times.

Accordingly, the complainant and/or supervisor should not:

- 1. Attempt to personally conduct investigations or interviews in order to determine whether or not a suspected activity is improper.
 - 2. Contact the suspected individual(s) to determine facts or demand restitution.
 - 3. Discuss any facts, suspicions or allegations associated with the case with anyone, other than the Executive Director, Deputy Director and Chief Legal Counsel, and Internal Auditor.

- B. Investigations will be performed under the direction of the Executive Director, Deputy Director and Chief Legal Counsel and Internal Auditor, any of whom will recuse themselves if there is a conflict of interest on their part.
 - 1. Full cooperation with the investigation is required.
 - 2. If the complaint is determined to have merit, the Executive Director, Deputy Director and Chief Legal Counsel and Internal Auditor, unless there is a conflict of interest on the part of any, will notify the Audit Committee and will keep the Committee apprised of the situation.
 - 3. In order to avoid damaging the reputations of innocent persons initially suspected of wrongful conduct, the results of the investigation will be disclosed or discussed only with those persons who require this knowledge in the proper performance of their office or function.

VI. Response

- A. As necessary, guidance may be sought to facilitate appropriate documentation of the facts. If it is determined that the complaint is factual and fraud has been committed, the Executive Director, Chief Legal Counsel and Internal Auditor, unless there is a conflict of interest on the part of any, will confer with the Audit Committee in order to effectuate a resolution. Topics for a possible resolution may include:
 - 1. Appropriate personnel action.
 - 2. Protection of innocent persons, including the complainant and anyone wrongly accused of committing fraud.
 - 3. Appropriate civil or criminal actions.
 - 4. Documentation and submission of claims against the insurers.
 - 5. Preservation of the integrity of any criminal investigation and prosecution.

6. Avoidance of any unnecessary litigation.

Following a fraudulent event, the relevant internal controls will be thoroughly evaluated and any appropriate changes will be made.

APPENDICES

APPENDIX A

- 1. Political Contribution Disclosure Form**
- 2. Standard Of Conduct Questionnaire For Service Providers**

APPENDIX B

- 1. Educational Opportunities**
- 2. Continuing Education Request Form**
- 3. Education Evaluation Form**
- 4. Retirement Industry Periodicals and Websites**

APPENDIX C

- 1. Expense Reimbursement Form**

APPENDIX D

- 1. Executive Director Evaluation Form**
- 2. Board Self-Evaluation Form**

APPENDIX E

- 1. Strategic Business Plan**

APPENDIX F

- 1. Trustee Information and Committee Assignments**

APPENDIX A:1 - Political Contribution Disclosure Form (Revised 8/14/12)

**INVESTMENT ADVISER QUARTERLY REPORT
OF
POLITICAL CONTRIBUTIONS**

Firm Name: _____

Quarterly Report Period: _____

I. POLITICAL CONTRIBUTIONS made to State Official(s) (please identify each recipient and all contributors separately)

Recipient Name: _____ Recipient Title: _____	Contributor Name: _____ Contributor Address: _____ _____ _____ Date of Contribution: _____ Amount of Contribution: \$ _____	Please check if an exception applies to this contribution as permitted under the Policy: _____
Recipient Name: _____ Recipient Title: _____	Contributor Name: _____ Contributor Address: _____ _____ _____ Date of Contribution: _____ Amount of Contribution: \$ _____	Please check if an exception applies to this contribution as permitted under the Policy: _____

II. PAYMENTS made to a Political Party or Political Action Committee organized in the State of New Hampshire

Name (including city/county/state or other political subdivision) of Political party/PAC: _____ _____ _____	Contributor Name: _____ Contributor Address: _____ _____ _____ Date of Contribution: _____ Amount of Contribution: \$ _____	Please check if an exception applies to this payment as permitted under the Policy: _____
----------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------

Name (including city/county/state or other political subdivision) of Political party/PAC:	Contributor Name:	Please check if an exception applies to this payment as permitted under the Policy: ____
_____	Contributor Address:	
_____	_____	
_____	Date of Contribution: _____	
	Amount of Contribution: \$ _____	
Name (including city/county/state or other political subdivision) of Political party/PAC:	Contributor Name:	Please check if an exception applies to this payment as permitted under the Policy: ____
_____	Contributor Address:	
_____	_____	
_____	Date of Contribution: _____	
	Amount of Contribution: \$ _____	

III. THIRD PARTY SOLICITORS (please complete Attachment to Report of Political Contributions for each Third Party Solicitor listed)

Names of Third Party Solicitor(s) representing Investment Adviser:

Signature: _____ **Date:** _____

Name: _____

Title: _____

Address: _____

Phone: _____

Please submit with Attachments, if applicable, to:

New Hampshire Retirement System
 Attention: Legal Compliance Department
 54 Regional Drive
 Concord, New Hampshire 03301

ATTACHMENT TO REPORT OF POLITICAL CONTRIBUTIONS

(Please complete for each Third Party Solicitor listed under section III in Report of Political Contributions)

Name of Third Party Solicitor (“Solicitor”):

Solicitor’s Business Address:

Services provided by Solicitor to Adviser:

Compensation Arrangement with Solicitor:

Total Dollar Amount Paid to Solicitor by Adviser During Reporting Period:

\$ _____

APPENDIX A:2 - STANDARD OF CONDUCT QUESTIONNAIRE FOR SERVICE PROVIDERS
(Board Approved 1/13/09)

STANDARD OF CONDUCT QUESTIONNAIRE FOR SERVICE PROVIDERS

These questions are derived from the Code of Ethics of the New Hampshire Retirement System. Your responses should cover the twelve month period from **July 1, 2023 to June 30, 2024**. If the response to a question is "None to Report", please check the box to so indicate. If the answer to the question is anything other than "None to Report", please provide the information requested by typing such into the text box provided for each question. The intention of this questionnaire is not to evaluate any actual or potential conflicts of interest, but to provide a method to fully disclose any conflicts as described by the Code of Ethics.

Completed questionnaires should be returned electronically no later than **August 12, 2023**. If you have supporting documents, please email them to **Attorney Mark Cavanaugh** at mark.cavanaugh@nhrs.org, or if you prefer, mail them to **Mark Cavanaugh, Esq., c/o New Hampshire Retirement System, 54 Regional Drive, Suite 2, Concord, NH 03301**.

Existence of the Code of Ethics

1. Are you aware of the existence of the Code of Ethics of the New Hampshire Retirement System ("System") and are you aware of your responsibility for your adherence to the provisions of the Code?

YES NO

Confidential Information

2. List **all** confidential information related to the System that you have revealed to individuals not authorized to receive the same.

None to Report

Standards of Conduct

3. (a) List **all** information which might reflect favorably or adversely upon the present or future value of any investment or contemplated investment of the System that you used in any manner except to advance the interests of the System's Members and Beneficiaries.

None to Report

- (b) List **all** offers made by you to Trustees, Investment Committee members or staff, or their relatives, to trade in any security or other investment that the System holds or intends to purchase on terms more favorable than those offered to the general investing public.

None to Report

4. List **all** gifts, entertainment or other gratuities provided by you, your agents, representatives, or solicitors to Trustees, Investment Committee Members or staff or their affiliates, quantifying the estimated value. Meals or entertainment provided at a group activity open to all attendees of a conference, seminar or training do not need to be reported, if such meals or entertainment were provided to substantially all of the attendees.

None to Report

5. (a) List **all** direct or indirect benefit, gratuity or emolument solicited, accepted by or agreed to be accepted by or given Trustees, Investment Committee Members, staff or other agent or representative of the System, as consideration for a decision, opinion, recommendation, transaction, vote or other exercise of discretion.

None to Report

- (b) List **all** gifts, entertainment or other gratuities accepted by you or an affiliate in connection with services provided to the System from any current or potential outside service provider.

None to Report

- (c) List **all** offers made by you or an affiliate to a Trustee, Investment Committee Member or staff for an extension of credit or borrowing if such credit or borrowing is **not** offered under the same terms to the general public in the ordinary course of business. State the terms of such credit or borrowing.

None to Report

6. List **any** Trustee, Investment Committee Member or staff employee within the 12 month period from July 1, 2014 to June 30, 2015 who has become employed by, represented or entered into an agreement with you or an affiliate.

None to Report

7. List **any** payment made by you or an affiliate for travel or lodging for the benefit of a Trustee, Investment Committee Member or staff.

None to Report

8. List **all** instances in which you or an affiliate used the name of the System or the System's logo in a manner that suggests impropriety, favoritism, or bias by the Board of Trustees, the Investment Committee or the System.

None to Report

9. Disclose **all** conflicts of interest, potential conflicts of interest, or situations that could reasonably be perceived as creating conflicts of interest.

None to Report

My checkmark herein, certifies that I have read the **New Hampshire Retirement System's Code of Ethics**. I further certify, on behalf of the corporation, partnership or other business entity providing services to the System, that such entity is in full compliance with the provisions and policies stated in the **Code of Ethics** except as otherwise noted above, and have no knowledge or evidence of any violation of the **Code of Ethics** by a Trustee, Investment Committee Member, staff employee, consultant or other agent of the New Hampshire Retirement System.

Date:

Name:

Title:

Company Name:

Address:

City:

State:

Zip:

Telephone:

**Educational Seminars for Board Members, as of
February 13, 2023**

Sponsor	Program	Description
(IFEBP) Int'l Foundation of Employee Benefit Plans www.ifebp.org	<p>Trustees Institute Level I Core Concepts February 12-14, 2024 Orlando, FL</p> <p>Trustees Institute Level II Concepts in Practice February 10-11, 2024 Orlando, FL * (Occurs prior to Advanced Trustees & Administrators Institute)</p>	<ul style="list-style-type: none"> ■ Ideal for new Trustees to learn fiduciary responsibilities, and the technical aspects of serving as a Trustee. ■ Topics include Trustee responsibility and legal environment, retirement plans, investing health and welfare pension assets, and governance. ■ Ideal for plan professionals, and for Trustees who've served 3 to 5 years and completed Level I: Core Concepts. ■ Learn from industry experts on current events and reform initiatives. ■ Network with peers facing similar challenges – share best practices, ideas, and solutions. ■ Gain insight and garner resource materials to share with colleagues.

	<p>Advanced Trustees & Administrators Institute February 12-14, 2024 Orlando, FL</p>	<ul style="list-style-type: none"> ■ Ideal for Trustees and plan administrators who've served two or more years and seek to network and learn about the latest industry issues and trends, attend sessions that include such topics as emerging benefit trends, economic update, investment hot topics, collecting employer contributions, legal and regulatory update, communication and social media, crisis management, artificial intelligence (AI), and cybersecurity.
<p>(NASRA) National Association of State Retirement Administrators www.nasra.org</p>	<p>NAPPA Winter Meeting February 23-27, 2024 Washington, DC</p>	<ul style="list-style-type: none"> ■ Primarily for Executive Directors, but some Trustees attend. ■ Discussions and presentations in the round and an overview of federal legislative and regulatory affairs.
<p>(CII) Council of Institutional Investors www.cii.org</p>	<p>CII Spring Conference & 40th Anniversary Celebration March 4-6, 2024 Washington, DC (Registration opens mid-December)</p>	<ul style="list-style-type: none"> ■ Agenda TBD.
<p>(NCPERS) National Conference on Public Employee Retirement Systems www.ncpers.org</p>	<p>2024 NCPERS Accredited Fiduciary (NAF) & Trustee Educational Seminar (TEDS)* May 18-19, 2024 Seattle, WA *(Runs concurrently with the Annual Conference & Exhibition (ACE), and registration opens in January)</p> <p>Modules 1 & 2, 3 & 4 **<i>Trustees who wish to earn their NCPERS Accredited Fiduciary (NAF) accreditation take TEDS first.</i></p>	<ul style="list-style-type: none"> ■ For Trustees with at least five years of experience. Trustee Education Seminar (TEDS) is a pre-requisite. ■ Earn continuing education credits. ■ Strengthen knowledge of pensions and governance. ■ Topics include investing principles, understanding actuarial science, board policies and fundamental concepts.

	<p>2024 Annual Conference & Exhibition (ACE) May 19-22, 2024 Seattle, WA</p>	<ul style="list-style-type: none"> ■ Good for new and experienced Trustees, administrators, public pension plan members, staff, local officials, and financial and union officers. ■ The new Trustees session occurs immediately before the conference.
<p>(NCTR) National Council on Teacher Retirement www.nctr.org</p>	<p>NCTR's 24th Annual Trustee Workshop July 14-17, 2024 Berkeley, CA</p>	<ul style="list-style-type: none"> ■ Good for all Trustees, new and experienced. ■ Workshop sessions.

APPENDIX B:2 - Continuing Education Request Form

**BOARD OF TRUSTEES
Continuing Education Request Form**

Name(s):
Destination:
Dates:
Travel Category:

ESTIMATE OF EXPENSES: (Per person)

Transportation:	
Lodging and Per Diem:	
Registration Fee:	
Estimated Total:	

PURPOSE OF TRIP:

BOARD APPROVAL (DATE): _____

Categories

1. Client conferences of current service providers such as the Board's pension consultant(s), custodian bank, and investment managers.
2. Specific event where Board has existing relationship (membership or association) (e.g., representation at CII meeting, GFOA meeting, NAPPA meeting)
3. Attend continuing education event/conference (IFE, Institutional Investors, etc.)

Approved at the June 10, 2008 NHRS Board Meeting.

APPENDIX B:3 - Education Evaluation Form:

**NEW HAMPSHIRE RETIREMENT NHRS
TRUSTEE EDUCATIONAL EVALUATION FORM**

Trustee Name:

Conference/Seminar Title:

Location / Date(s):

Sponsoring Organization:

What was your reason for attending?

Please help us evaluate the quality of this program and its relevance to you as a Trustee. Please respond to each question by placing an X near the appropriate rating. Please attach this form to your expense report.

	Not really	A little	Definitely
Did the session increase your understanding of the topics?			
Did the session offer new insights on the topics?			
Would you recommend this conference/seminar to others?			
General Comments:			

	Poor	Okay	Good	Excellent
How effective were the presentations?				
How would you rate the overall value of the program?				
Were the presenters knowledgeable about the topics?				
Was the program well organized?				
General Comments:				

How did this conference/seminar contribute to your own goals and education?

APPENDIX B:4 - Retirement Industry Periodicals and Websites

Periodicals

Pension and Investment Magazine

Plan Sponsor Magazine <http://www.plansponsor.com/>

Websites

NHRS - <http://www.nhrs.org/>

National Association of State Retirement Administrators- <http://www.nasra.org/>

National Conference on Public Employee Retirement Systems [_https://www.ncpers.org/](https://www.ncpers.org/)

National Council on Teachers Retirement <https://nctr.org/>

Internal Revenue Service - <http://www.irs.gov/Retirement-Plans>

examined and that the accounts claimed are just and reasonable excepted as noted.

I certify that the above account and schedule are just and true in all respects; that the distances for which charge is made have been actually and necessarily traveled on the dates specified except as shown no lodgings were shared jointly with others nor were meals or lodgings furnished without charge by a state agency or without charge by a member of my family, by an member of his family; that the amounts as charged have been actually paid by me for travel and expenses incurred on official business only; that no part of the account has been paid amount is justly due; that all expenditures included in said account were made under prior authority thereof or under circumstances to render the securing of prior authority impracticable no vouchers were obtained were incurred under such circumstances as to render the taking of vouchers impracticable, as fully explained herein.

PAYEE SIGNATURE / DATE

TITLE

APPROVED BY / DATE

(FOR THE
COMPTROLLER)

Appendix D:1 - Executive Director Performance Evaluation

NHRS Executive Director Performance Evaluation Calendar Year Ending December 31, 20XX

Name: _____

Title: _____

Evaluation Date: _____

This evaluation is for the period beginning April 1, 20XX and ending March 31, 20XX.

For each of the evaluation categories, bullet points have been provided to assist you with the evaluation. Please use the scale below and place the appropriate number on the "Rating" line in each category.

5 – Outstanding; 4 - Above Average; 3 – Satisfactory; 2 - Needs Improvement; 1 – Unacceptable

1. Management/Administration/Budgeting Overall Rating _____

- Follows up on Board directives to ensure proper implementation
- Manages the planning, preparation, presentation, approval and implementation of the Trust Fund and Statutory budgets
- Ensures the efficient and effective functioning of the System through delegation to and management of the executive team
- Safeguards the assets of NHRS by maintaining strong internal controls throughout the organization
- Assesses and advises on adequate security for all official documents
- Monitor and manage the activities and performance of consultants and third party providers, including but not limited to outside counsel, and actuaries
- Oversees negotiations, execution and management of contracts on behalf of NHRS
- Oversees, coordinates and consults with Director of Investments and IIC on investment related matters

General Comments or Examples:

5 – Outstanding; 4 - Above Average; 3 – Satisfactory; 2 - Needs Improvement; 1 – Unacceptable

2. Communication Overall Rating _____

- Keeps the Board and staff informed and effectively communicates with them
- Organizes ideas and information logically
- Takes responsibility to see that written materials and verbal presentations to the Board are well done
- Speaks clearly and concisely, using understandable terminology
- Effectively communicates with the members and retirees
- Effectively communicates with government officials, other retirement systems, legislators, service providers, the media, and the general public

General Comments or Examples:

5 – Outstanding; 4 - Above Average; 3 – Satisfactory; 2 - Needs Improvement; 1 – Unacceptable

3. Board and Policy Matters Overall Rating _____

- Acts as the Board’s primary advisor and assists Trustees in meeting their fiduciary duty
- Periodically reviews policies and makes recommendations for changes to the Board
- Effectively interprets Board policies and concerns, and develops a consistent direction for the staff to follow
- Initiates changes in day-to-day operations to conform to established Board policies
- Acts creatively to evaluate and recommend new programs or policies
- Identifies strategic responses to issues facing the Retirement System and its membership
- Represents NHRS on legislative matters consistent with Board direction

General Comments or Examples:

5 – Outstanding; 4 - Above Average; 3 – Satisfactory; 2 - Needs Improvement; 1 – Unacceptable

4. Staff Development Overall Rating _____

- Determines and recommends to the Board the appropriate organizational structure, staffing and compensation plan for all NHRS functions
- Creates an atmosphere that fosters teamwork, creativity, and participation
- Sets clear standards of performance for the executive staff
- Identifies and supports employee training and other opportunities for advancement, growth, and skill building
- Keeps informed and follows human resource policies and procedures
- Encourages professional development of staff
- Addresses succession planning for key positions within NHRS

General Comments or Examples:

5. Leadership Overall Rating _____

- Inspires confidence; establishes credibility with Board, staff, members, and retirees
- Recognizes the needs and desires of others; treats others with regard, courtesy, and respect
- Maintains a "big picture" outlook and is aware of industry issues
- Forecasts trends, responds to change and invites innovation
- Solicits and acts upon ideas of others when appropriate
- Exhibits a commitment to NHRS' core values
- Delegates appropriately to staff and outside service providers
- Projects a positive image as the Executive Director of NHRS
- Maintains a well-functioning management team
- Participates in relevant and worthwhile professional organizations

General Comments or Examples:

5 – Outstanding; 4 - Above Average; 3 – Satisfactory; 2 - Needs Improvement; 1 – Unacceptable

6. Action Plan Execution Overall Rating_____

- 1. Achieve 100% statutory and legal compliance in all operational areas**

- 2. Achieve structural and organizational efficiency**

- 3. Achieve delivery of superior service to all retirement system employers, members and retirees**

- 4. Achieve a strong and positive working relationship with the NH Legislature**

- 5. Achieve Retirement System member, participating employer and stakeholder recognition that NHRS is a well-run, efficient and professional organization**

- 6. Achieve an investment return that meets or exceeds the total fund benchmark over a 3 – 5 year market cycle and a long term return of 6.75% or more**

Rating Summary

Categories	Rating
1 Management/Administration/Budgeting	
2. Communication	
3. Board and Policy Matters	
4. Staff Development	
5. Leadership	
6. Action Plan Execution	

Significant Accomplishments:

- 1.
- 2.
- 3.
- 4.

Areas Needing Improvement:

- 1.
- 2.
- 3.
- 4.

Suggested Priorities / Objectives for Next Evaluation Period:

- 1.
- 2.
- 3.

Appendix D:2 - Board Self-Evaluation Form

Part A

Trustee Self-Assessment

Think about the following statements in relation to your involvement as a member of the Board. Rank answers using the following scale: 1 - not performing, 2 - poorly performing, 3 - sometimes performing, 4 - acceptable performance, or 5 - outstanding performance. This document will not be seen by others. It is for your own reflection.

- | | | | | | |
|----------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| 1. I attend the meetings I am expected to attend. | 1 | 2 | 3 | 4 | |
| 2. I contribute to the discussion in a meaningful and helpful way. | 1 | 2 | 3 | 4 | |
| 3. I fully understand fiduciary duties. | 1 | 2 | 3 | 4 | |
| 4. I make an effort to be educated on the aspects of the trust that I do not understand. | 1 | 2 | 3 | 4 | 5 |
| 5. I am equally well-versed on benefits and investments. | 1 | 2 | 3 | 4 | 5 |
| 6. I avoid all conflicts of interest. | 1 | 2 | 3 | 4 | 5 |
| 7. I read the materials distributed before the Board meeting so I can constructively participate. | 1 | 2 | 3 | 4 | 5 |
| 8. I work with the Board members as a team. | 1 | 2 | 3 | 4 | 5 |
| 9. I work with the Executive Director in such a way that creates an atmosphere of trust and cooperation. | 1 | 2 | 3 | 4 | 5 |
| 10. I communicate Board governance problems to the Chair of the Board. | 1 | 2 | 3 | 4 | 5 |

Part B

Overall Board Evaluation

Rate the following statements in relation to the overall performance of the Board of Trustees. Rank answers using the following scale:

- 1 - always
- 2 - almost always
- 3 - sometimes
- 4 - almost never
- 5 - never

- | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| 1. The Board knows and understands NHRS' mission, organizational principles for success, and strategic plan and reflects this understanding on key issues throughout the year. | 1 | 2 | 3 | 4 | 5 |
| 2. The Board ensures that new Board members are given a prompt, thorough orientation of fiduciary duties and the operation of NHRS. | 1 | 2 | 3 | 4 | 5 |
| 3. The Board has and follows procedures for effective meetings. | 1 | 2 | 3 | 4 | 5 |
| 4. The Board reconsiders and revises policies as necessary. | 1 | 2 | 3 | 4 | 5 |
| 5. Board meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues. | 1 | 2 | 3 | 4 | 5 |
| 6. The Board receives timely, accurate, and useful information upon which to make decisions. | 1 | 2 | 3 | 4 | 5 |
| 7. The Board as a whole, and Board members as individuals, are evaluated on their performance on a regular basis. | 1 | 2 | 3 | 4 | 5 |
| 8. The Board reviews and adopts a reasonable operating budget which is regularly monitored throughout the year. | 1 | 2 | 3 | 4 | 5 |
| 9. The Board periodically monitors investment performance and measures it against other public pension systems in its industry | 1 | 2 | 3 | 4 | 5 |

or other relevant benchmarks.

- 10. The Board periodically monitors service to members with other public pension systems or relevant comparative data. 1 2 3 4 5

- 11. The Board stays abreast of issues and trends affecting NHRS, using this information to assess and guide NHRS over the long term. 1 2 3 4 5

- 12. The Board comprehends and respects the difference between its policy-making role and the Executive Director's management role. 1 2 3 4 5

- 13. Board goals, expectations, and concerns are honestly communicated with the Executive Director. 1 2 3 4 5

- 14. The Board functions well as a cohesive, governing body. 1 2 3 4 5

- 15. The Board engages in long range strategic thinking and planning. 1 2 3 4 5

Identify the three greatest achievements of the Board during the past year.

1.

2.

3.

What critical issues need to be addressed by the Board in the future?

What critical issues need to be addressed by the Board in the future?

Name (optional) _____

Date _____

Appendix E - FY 2024 NHRS THREE-YEAR STRATEGIC PLAN – PRIORITIES
April 25, 2023
JULY 2023 – JUNE 2026

2023-2024 (FY 24)

- Continue to enhance IT security.
- Complete project plan milestones for LRS Pension Gold (PGV3) project.
- Develop and implement a comprehensive communication and education program for employers with respect to PGV3 implementation.
- Develop and document succession plan at all levels, with particular focus on senior positions.
- Continue to enhance member interface to include newer employees/members in the NHRS system.
- Build on the outstanding communication with all internal and external stakeholders, including the state legislature.
- Complete actuarial experience study based on the four-year period ending June 30, 2023.
- Develop a comprehensive 5-year strategic plan for the Investments department

2024-2025 (FY 25)

- Review and adjust the three-year strategic plan as appropriate.
- Evaluate potential enhancements to PGV3.
- Complete implementation of (non-PGV3 reliant) data security enhancement recommendations
- Certify FY26-27 employer contribution rates.
- Complete actuarial audit of experience study.
- Update the NHRS Investment Manual and Policy & Procedures.

2025-2026 (FY 26)

- Evaluate progress on all objectives and initiatives over prior 24 months to determine what has been achieved and what still needs to be addressed.

NOTES

- Plan does not address day-to-day issues such as managing implications of legislative action or litigation outcomes, which may be material, but are entirely unpredictable. Also, see KPMs for performance measures.

**Appendix F: New Hampshire Retirement System Board of Trustees as of
December 31, 2023**

Jon Frederick, Jaffrey
September 21, 2022, to September 5, 2025 NH Municipal Association

Jason Henry, Barnstead
May 17, 2023 to July 13, 2025 New Hampshire Association of Counties

Sue Ellen Hannan, Derry
July 27, 2018, to July 1, 2021 NH Education Association

Maureen Kelliher, Dover
June 18, 2014, to July 13, 2022 Non-member Trustee

Vacant

Robert Maloney, Holderness
July 27, 2018, to July 13, 2021 Non-member Trustee

Andrew Martineau, Bow
December 18, 2020, to July 1, 2024 NH State Permanent Firemen's Association

Germano Martins, Hooksett
August 18, 2021, to July 1, 2024 State Employees' Association

Kenneth Merrifield, Franklin
March 24, 2021, to July 13, 2025 NH State Employer

Monica Mezzapelle, Concord
January 6, 2021, to January 3, 2023 State Treasurer

Paul Provost, Concord
November 2, 2022, to November 2, 2025 Non-member Trustee

Joshua Quigley, Bedford
October 19, 2022, to July 1, 2024 NH Police Association

Donald M. Roy, Jr., North Hampton
July 13, 2011, to July 13, 2022 NH School Boards Association

NHRS Board of Trustees
Committee Membership List as of
December 31, 2023

Committee	Audit	Benefits	Governance	Legislative	PPCC	Investment
Staff Liaison	Heather Hoffacker	Timothy Crutchfield/ Nancy Miller	Timothy Crutchfield	Marty Karlon	Rosamond Cain	Raynald Leveque
Frederick, Jon		X	X	X		
Hannan, Sue				X	X-Ch	
Henry, Jason	X	X				
Kelliher, Maureen	X					X-Ch
Vacant						
Maloney, Robert			X		X	
Martineau, Andrew		X		X		
Martins, Germano	X	X-Ch				
Merrifield, Ken				X-Ch	X	
Mezzapelle, Monica	X-Ch		X			
Provost, Paul			X			X
Quigley, Joshua				X	X	
Roy, Donald		X	X-Ch			
TOTAL MEMBERS	5/5	5/5	5/5	5/5	5/5	2/6*

EXHIBITS

EXHIBIT 1: Membership Information

EXHIBIT 2: Investment Information

EXHIBIT 3: Organizational Chart

EXHIBIT 4: Professional Service Providers

EXHIBIT 1: Membership Information

As of June 30, 2023 those covered by the plan are:

48,589	active members
43,603	retirees and beneficiaries
18,826	inactive plan participants
<u>3,266</u>	<u>terminated employees eligible for benefits</u>
114,284	total membership

The plan paid out \$971.1 million in pension benefits in fiscal year 2023.

NHRS also administers a separate post-retirement medical plan which provides a subsidy for post-retirement medical premiums for eligible pension plan retired members. There are two different levels of subsidies paid.

As of June 30, 2023 those receiving a subsidy are:

5,906	Group I
<u>2,963</u>	<u>Group II</u>
8,869	Total

The plan paid out \$41.9 million in medical subsidy benefits in fiscal year 2023.

EXHIBIT 2: Current Investment Information

NHRS had assets of \$11.51 billion as of June 30, 2023. This makes NHRS one of the top 100 largest public retirement systems in the U.S.

In fiscal year 2023, \$953.4 million in employer and employee contributions came into NHRS, which was invested by the Independent Investment Committee according to an investment policy adopted by the Board of Trustees. Of this amount, approximately \$698.7 million was from employer contributions and \$254.7 million was from employee contributions. In addition, \$1,013.0 million in pension and OPEB benefits was paid to retired members and their beneficiaries in fiscal year 2023

The asset classes used by NHRS for investments include equities (U.S., international and global), fixed income (U.S. and international), real estate, private debt and private equity. The Independent Investment Committee uses outside investment managers to manage the assets. Performance of the portfolio is measured and reported quarterly by an independent investment consultant selected by the Board.

The Independent Investment Committee is responsible for investing the assets of the Retirement System in accordance with the Investment Policy adopted by the Board of Trustees; selecting investment managers, agents, and custodial banks; reviewing performance; and making recommendations to the Board of Trustees regarding investment consultants, investment policy, including asset allocation, and other investment related issues. The Committee meets monthly and is comprised of five voting members: three independent members appointed by the Governor and Executive Council; and two members of the Board of Trustees appointed by the Chair of the Board. A sixth, non-voting member who is an active member of the retirement system appointed by the Governor and Executive Council was added by legislation in 2019. All six members are required by statute to have significant experience in institutional investing or finance.

EXHIBIT 3: Current Organizational Chart

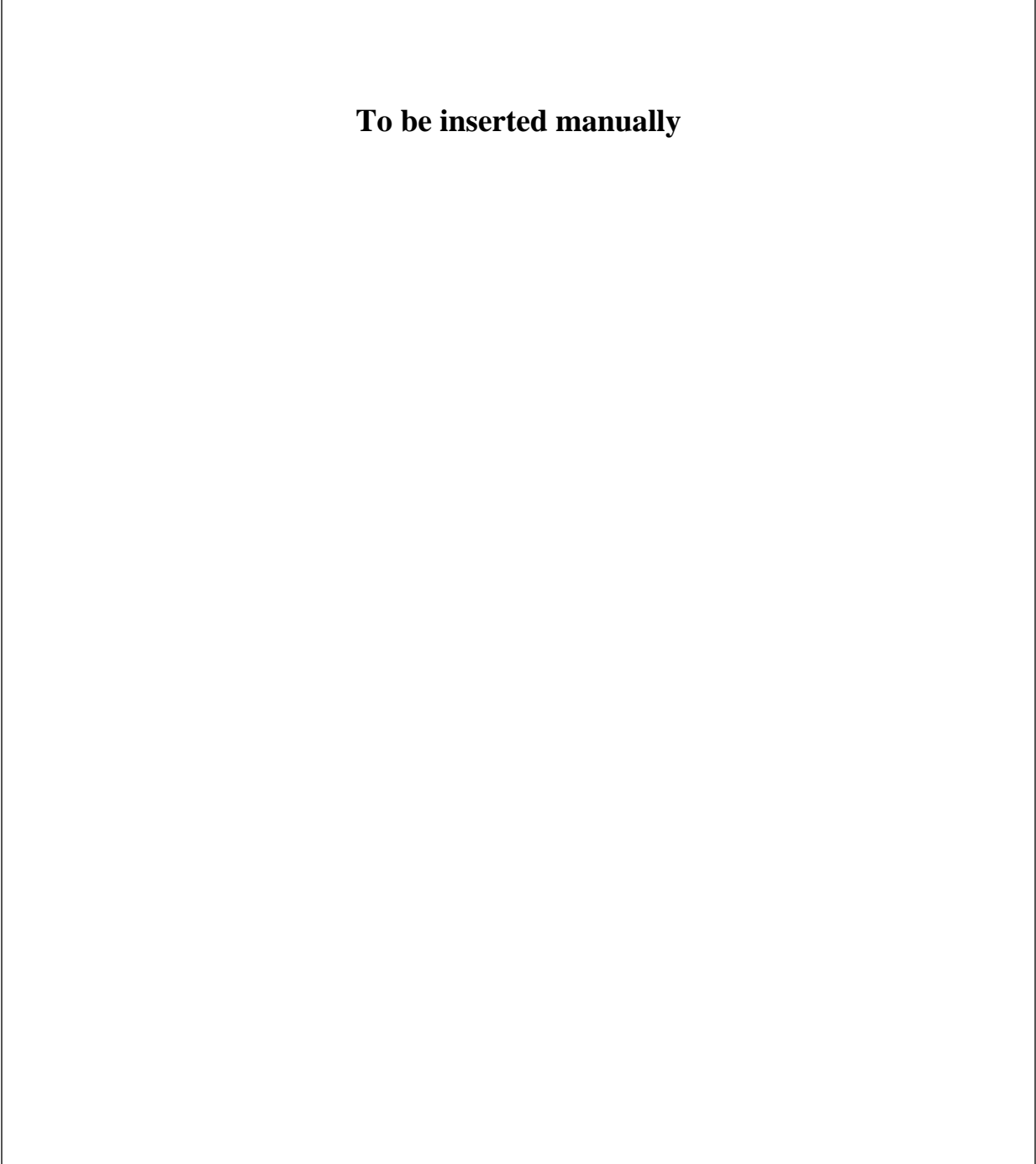


EXHIBIT 4: Current Professional Service Providers

Actuary – Gabriel Roeder Smith and Company

Gabriel Roeder Smith (GRS) is the largest provider of actuarial and consulting services to the public sector community. GRS serves more than 600 retirement systems. The firm has served over half of its clients for at least 10 years and many of its clients for more than 60 years.

GRS believes that it is unique in the industry because of its focus and dedication to public sector retirement systems as well as the firm's low turnover among its professional staff. This is evident by:

- Staff primarily (in most cases entirely) focused on providing solutions to public sector retirement systems;
- Public sector retirement systems work is the firm's core business and over 90% of GRS's revenue comes from public sector clients;
- Extensive resources dedicated to addressing technical, policy, legal, and administrative issues related to public sector retirement plans;
- Valuation NHRSs and methodologies specifically designed and developed to meet the needs of public sector retirement plans; and
- Strong support of public sector retirement systems and active involvement in many professional associations focusing on benefit issues for public employees.

The services that GRS provides to NHRS are:

- Valuations of Pension Benefits and Health Subsidy Plans;
- Valuations of Legislative Proposals;
- Benefit and Actuarial Consulting;
- Plan Design Consulting ; and,
- Other consulting services as needed

Investment Consultant – Callan, LLC

In 1973, Edwin Callan founded Callan as an employee-owned investment consulting firm. Our clients include public defined benefit plans and a variety of other asset pools such as defined contribution plans, hospitals, health-care systems, endowments and foundations, insurance pools, corporate operating pools, Voluntary Employee's Benefit Associations, nuclear decommissioned trusts, family trusts, and other specialized funds/trusts. Our institutional investor clients oversee more than \$2.8 trillion in combined assets for which we provide discretionary and non-discretionary services. Callan has been consulting to public defined benefit plans for over 45 years.

Callan delivers customized solutions that meet the needs of the most sophisticated institutional investment programs, including strategic planning; plan implementation, monitoring and evaluation; alternative investment program design and implementation; and continuing education. Together, these services constitute what we believe is a disciplined and comprehensive process for investment decision-making and oversight of institutional investment programs.

Research and education are at the heart of Callan's consulting business. In our view, a more educated investment community makes better decisions, and better decisions can lead to better outcomes for the beneficiaries we all serve. This is why we launched the Callan Institute in 1980 and it became the first forum to specifically provide research and education to the investment industry. Through both in-person and most recently virtual high-quality events the Callan Institute is helping to create a more informed, transparent, and integrated investment community.

We focus exclusively on investment consulting and are singular in our ability to provide benefits associated with both large and small firms. We have the depth of resources and expertise associated with bigger consultancies. At the same time, like smaller companies we are independently owned and operated, with interests that are precisely aligned with those of our clients.

Today, Callan is 100% employee owned by 99 employees. All Callan employees consider themselves stewards of a culture that revolves around collaboration in service of our clients' needs. We strongly believe the stabilizing influence of independent ownership and our total dedication to consulting provide the best foundation for the preservation of this culture, which translates into a valuable sense of continuity for our clients.

Consulting services provided to NHRS include:

- Asset/Liability Study
- Public Markets Manager Structure Analysis
- Private Markets Portfolio Structure Analysis
- Private Markets Pacing Plan
- Private Markets Manager Searches
- Public Market Manager Searches
- Annual Investment Policy Statement (IPS) Review & Update
- On-going monitoring of funds/managers
- Quarterly Performance Reports
- Monthly Performance Reports
- At least one educational workshop on an annual basis
- Attendance at all meetings
- Access to Callan consultants
- Membership to the Callan Institute
- Callan Insights

Outside Legal Counsel

Fiduciary Counsel - Groom Law Group, Chartered

From its inception in 1975, Groom Law Group has focused primarily on employee benefit issues, including plan drafting and advice, administrative practice before governmental agencies, state and federal court litigation, and advice and drafting of benefits legislation.

Groom is the premier employee benefits law firm in the United States with over 60 attorneys dedicated to the employee benefits practice. Their approach emphasizes personal attention by senior attorneys who are recognized experts in the field. They have a diverse client base ranging from state and local government retirement systems to Fortune 100 firms to tax-exempt organizations. Their clients include more than 100 plan sponsors and benefit service providers across the United States.

Groom handles a wide range of sophisticated benefits, investments, legislative and tax matters for its governmental clients and has nine practice groups that focus on specific areas of expertise:

1. Plan Design and Taxation,
2. Fiduciary Responsibility,
3. Executive Compensation,
4. Policy and Legislation,
5. Health Care,
6. Litigation,
7. Plan Funding and Restructuring, and
8. Governmental Plans and Multiple Employer Plans.

Investment Counsel - Foster, Garvey PLLC

Foster, Garvey's Investment Management practice group is comprised of 20 attorneys, represents over 30 public funds and has been serving NHRS since 2009. Foster, Garvey has been working with public pension plans since 1989 and has almost 25 years of experience representing public pension funds with regard to negotiating and structuring plan investments including private equity, real estate, hedge funds, opportunistic funds, and infrastructure funds, among others. Foster, Garvey is also intricately involved with its public fund clients in public disclosure requests, federal state and international tax matters, drafting placement agent and other policies, fiduciary duty matters, drafting and reviewing investment management agreements, real estate management agreements and separate accounts.

Foster, Garvey employs a coordinated multi-disciplinary approach to negotiating, analyzing and documenting transactions on behalf of their clients; drawing, as needed,

from its corporate, tax, ERISA, structured finance, public finance, banking, bankruptcy and litigation practice groups.

Benefits Counsel - Foley Law Office

Peter T. Foley has over 20 years of experience serving as legal counsel to the Board of Trustees and NHRS Staff specializing primarily in the area of Benefits Administration and Legislation. He has worked directly with NHRS Staff and the Board to provide a full array of legal services, including the following:

- i. Providing written and legal opinions interpreting a wide variety of the provisions of RSA100-A and applying these provisions to specific factual situations;
- ii. Reviewing and drafting proposed legislative amendments to RSA100-A;
- iii. Testifying before the New Hampshire legislature on proposed amendments to RSA100-A;
- iv. Drafting proposed amendments to NHRS administrative rules, such as Ret 200 establishing the administrative hearing process and Ret 308 implementing the administrative process for resolution of “employer enrollment oversight” cases;
- v. Working in conjunction with the Board and NHRS Senior Management to resolve a contract performance dispute with a longtime service provider through mediation without the need for litigation;
- vi. Representing NHRS staff in over two hundred administrative appeals of benefit-related decision; and
- vii. Representing NHRS in New Hampshire Superior Court and Supreme Court actions challenging the benefit decisions of NHRS Staff.

Litigation Counsel - McLane Middleton, Professional Association

Founded in 1919, McLane Middleton, Professional Association is one of New England’s premier full-service law firms with offices in Manchester, Concord and Portsmouth, New Hampshire, and Woburn, Massachusetts. Driven by the firm’s depth of sophisticated legal expertise and an unwavering commitment to client service, McLane Middleton has built collaborative and lasting relationships with a broad spectrum of domestic and international clients including the New Hampshire Retirement System.

McLane Middleton has represented the NHRS in litigation before the New Hampshire Supreme Court and the Superior Courts of the State. Cases have included *Professional Firefighters of New Hampshire v. State*, New Hampshire Supreme Court 2013-669 (Opinion Issued December 10, 2014); *American Federation of Teachers – NH v. State*, New Hampshire Supreme Court 2013-821 (Opinion Issued January 15, 2015) and *Professional Firefighters of New Hampshire v. State*, Hillsborough Superior Court Northern District 216-2012-CV-00193 (case pending). These cases raise statutory and constitutional challenges to state legislation addressing contribution rates and retirement benefits.

In addition, McLane Middleton has provided the NHRS with real estate, administrative law, employment, tax and benefits advice.

Labor and Employment Counsel – Sulloway & Hollis, PLLC

As a preeminent law firm in northern New England, Sulloway & Hollis offers a wide range of services to its clients. Its lawyers represent businesses, public entities, non-profit organizations, and individuals in business, regulatory, and litigation matters. They recognize that all legal issues a client faces do not fall neatly into one practice area, so they work collaboratively to deliver comprehensive legal solutions tailored to their clients' needs.

Sulloway & Hollis represents NHRS in labor and employment matters relating to its workforce. The Labor and Employment Group of Sulloway & Hollis provides comprehensive counselling and litigation services to employers throughout New England. They advise clients on all areas of labor and employment law, ranging from prudent practices to the development and interpretation of employee handbooks and employee policies.

Its attorneys investigate discrimination and harassment complaints and defend claims before federal and state administrative agencies throughout New England; and frequently appear before state and federal courts in connection with wrongful discharge suits, wage and hour matters, and other employment-related litigation. For employers with unions, they provide guidance on contract administration and achieve successful results in collective-bargaining negotiations and grievance and arbitration matters.