

NHRS DASHBOARD: FY 2019 First Quarter

For the period July 1, 2018 to September 30, 2018

Prepared for the Office of Gov. Christopher T. Sununu – November 2018

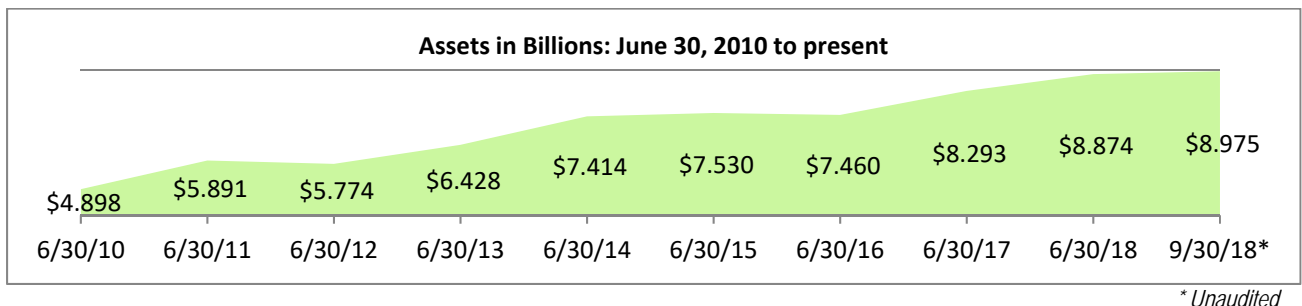
QUARTERLY HIGHLIGHTS

Here is a summary of NHRS activities during the quarter ending September 30, 2018:

- NHRS realized an 8.9% return on investments in the fiscal year ended June 30, 2018, outperforming the total fund benchmark return of 7.8% and the retirement system's assumed rate of investment return of 7.25%. The three-year, five-year, 10-year, 20-year, and 25-year returns for the periods ended June 30, 2018, were 7.7%, 8.7%, 7.1%, 6.4%, and 8.0%, respectively. At June 30, 2018, unaudited Trust Fund assets stood at \$8.87 billion, an increase of \$581 million over the prior fiscal year. (Note: This data was not available in time for inclusion in the previous quarterly report.)
- Trustees in September certified employer contribution rates for fiscal years 2020 and 2021 pursuant to RSA 100-A:16, III. The rates were developed by GRS, the NHRS consulting actuary, in the biennial actuarial valuation for the year ending June 30, 2017. The new rates take effect on July 1, 2019, which marks the start of the 2020 fiscal year. Overall, rates declined slightly as compared to the most recent biennium, with the Teacher rate increasing nominally due to a continuing decrease in the number of teachers in the state.
- The one-time \$500 payment to eligible retirees authorized in House Bill 1756 was issued August 15, 2018. Approximately 8,000 retirees met the three criteria to be eligible for this payment: (1) The member retired with at least 20 years of creditable service; (2) the member retired and has been receiving an allowance for at least 5 years prior to July 1, 2018; (3) the annual retirement allowance of the member on June 30, 2018, is not greater than \$30,000.
- The process of readopting a number of its expiring administrative rules through the JLCAR process is ongoing, with Trustees holding public hearings in August and September.
- NHRS released two reports in September concerning the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, which impacts financial reporting for some participating employers. The reports deal with financial reporting for other post-employment benefits (OPEB). OPEB refers to the benefits – other than pensions – that a state or local government employee receives upon retirement. For GASB purposes, the NHRS Medical Subsidy is an OPEB benefit.

TRUST FUND

1st Quarter FY 2018: \$8.530 billion*	1st Quarter FY 2019: \$8.975 billion*
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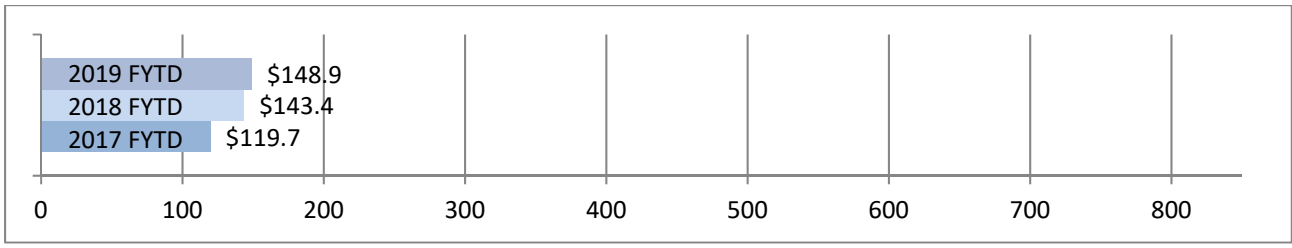
INVESTMENT PERFORMANCE

Net-of-fees returns	FYTD - 9/30/18*	1 yr. at 6/30/18	3 yr. at 6/30/18	5 yr. at 6/30/18	10 yr. at 6/30/18
Total Fund Composite	2.0%	8.9%	7.7%	8.7%	7.1%
Peer comparison (percentile)	N/A	20th	8th	7th	12th

Assumed Rate of Return: 7.25%; * Annualized; valuation of real estate and alternative investments lagged three months.

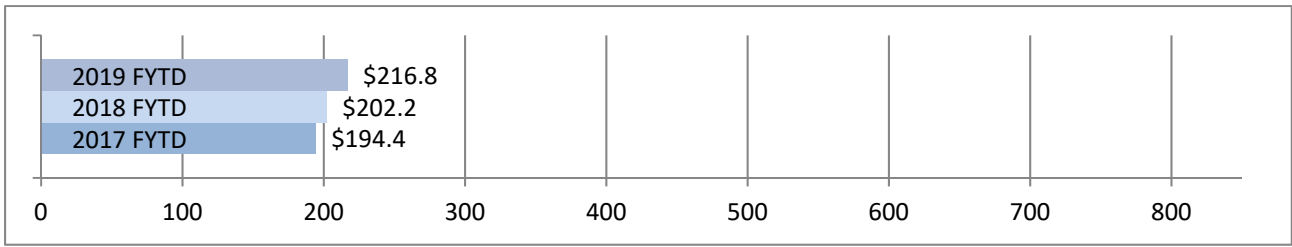
Note: In investment parlance, the lower the percentile regarding peer comparison, the better the performance relative to peers. For instance, NHRS' five-year performance in the 7th percentile means the retirement system outperformed 93% of peer public plans over that period.

CONTRIBUTIONS (in millions through 6/30*)



* 6/30/18 data is unaudited

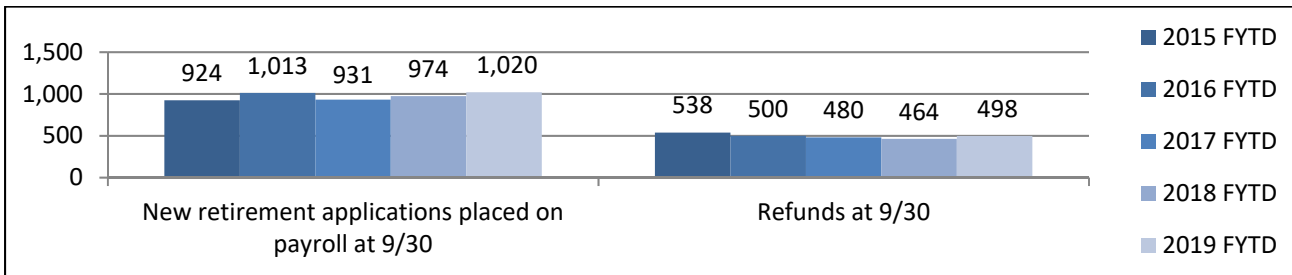
PENSION BENEFITS PAID (in millions through 6/30*)



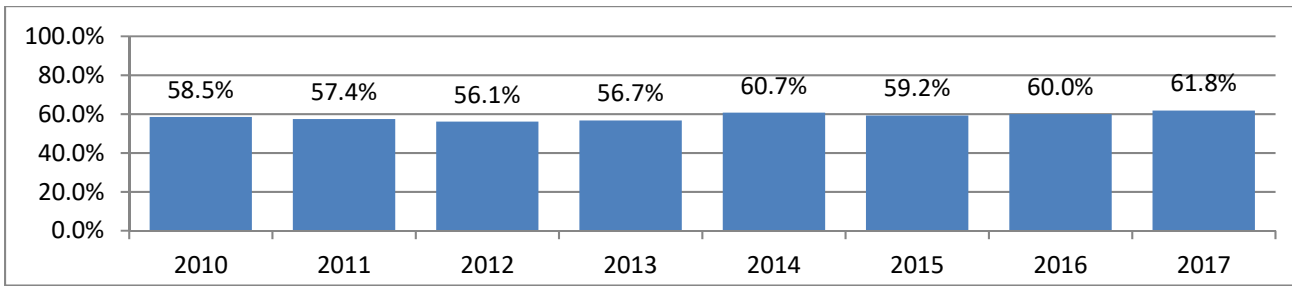
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Note: Benefits are paid from member and employer contributions and investment income. Historically, investment income has accounted for the majority of trust fund assets.

RETIREMENTS AND REFUNDS



ACTUARIAL FUNDED RATIO AT 6/30

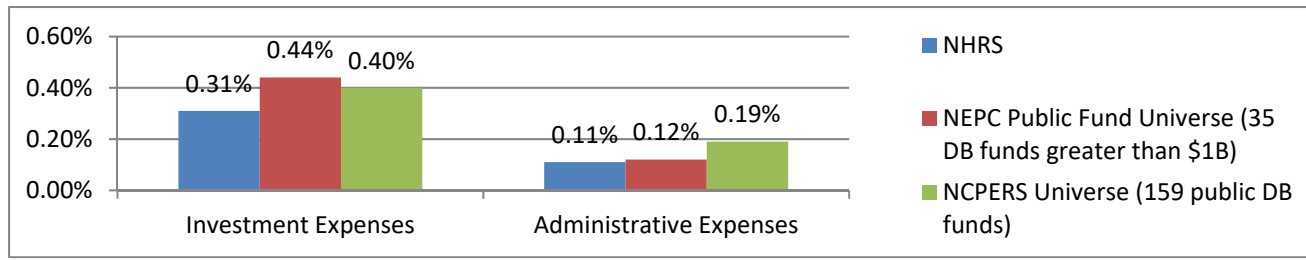


Funded ratio impacted by reductions to assumed rate of return and revised actuarial assumptions in 2011, 2016

NET POSITION AND ADMINISTRATIVE EXPENSES

FYTD Net Position (\$s in billions)	FY 2019	FY 2018	FY 2017	FY 2016
	Preliminary			
Current Fiscal Year-To-Date	September 2018	September 2017	September 2016	September 2015
Net Position Change	\$0.101	\$0.237	\$0.156	(\$0.484)
Prior Year Beginning Balance	\$8.874	\$8.293	\$7.461	\$7.530
Net Position Balance	\$8.975	\$8.530	\$7.617	\$7.046
FYTD 2019 Budget vs. Actual				
Non-Investment Administrative Expenses				
July 1, 2018 through September, 2018				
	Total Budget	FYTD Budget	Actual	Difference
Administrative Expenses				
Internal (Statutory Admin. Budget)	\$ 8,779,881	\$ 2,351,108	\$ 1,999,086	\$ 352,022
External (Actuary, Legal, Audit)	\$ 974,100	\$ 277,697	\$ 250,576	\$ 27,121
Total	\$ 9,753,981	\$ 2,628,805	\$ 2,249,662	\$ 379,143

EXPENSES AS A PERCENTAGE OF ASSETS



Most recent data available (NCPERS - FY 2017; NEPC - FY 2016)