

## NHRS DASHBOARD: FY 2019 Second Quarter

For the period October 1, 2018 to December 31, 2018

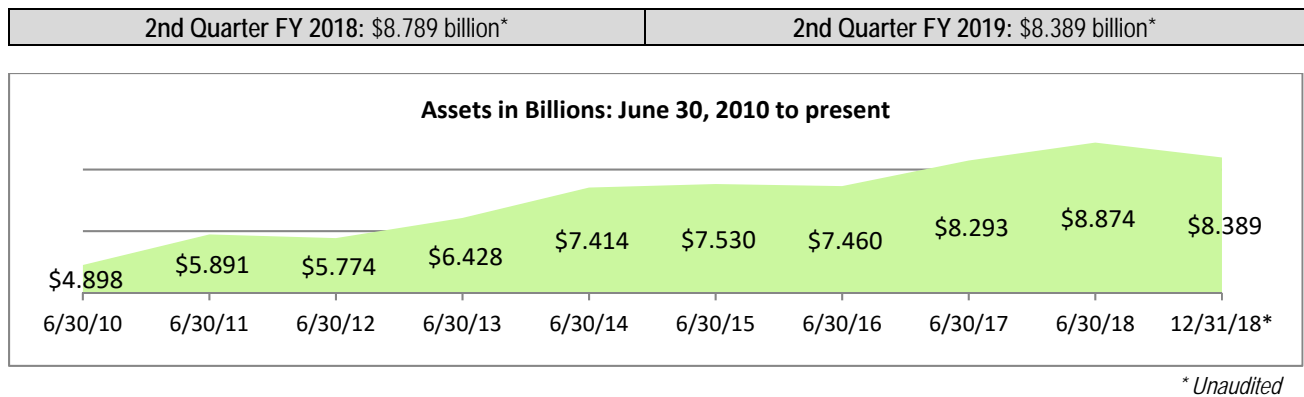
Prepared for the Office of Gov. Christopher T. Sununu – February 2019

### QUARTERLY HIGHLIGHTS

Here is a summary of NHRS activities during the quarter ending December 31, 2018:

- Trustees in December voted to accept the Comprehensive Annual Financial Report (CAFR) and Comprehensive Annual Investment Report (CAIR) for the fiscal year ended June 30, 2018. The retirement system's auditors, Plante Moran, completed its first NHRS audit and issued an unmodified ("clean") opinion.
- The process of readopting NHRS' expiring administrative rules continued in December. JLCAR approved the NHRS Final Proposals to the RET 200, 300, and 400 administrative rules.
- In November, staff issued an RFP for actuarial audit services, as authorized by the Board at a prior meeting. An actuarial audit is a valuable tool for monitoring the quality of actuarial services performed on behalf of the pension plan. An actuarial audit is considered a best practice and involves engaging the services of an outside actuary (reviewing actuary) to scrutinize the work of the plan's consulting actuary.
- In December, staff issued an RFP for the fiduciary, tax and benefits, and legislative counsel. The current agreement with Groom Law expires in May 2019, and, as a best practice, the Board authorized the RFP.
- Staff gave presentations on FY 2020-21 employer contribution rates and upcoming changes to the working after retirement laws at the annual conferences of the NH Association of Counties, NH School Administrators Association, and the NH Municipal Association.

### TRUST FUND



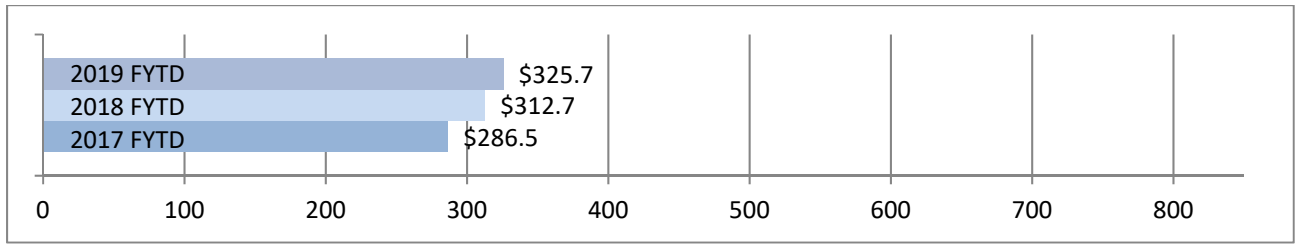
### INVESTMENT PERFORMANCE

Net-of-fees returns	FYTD - 12/31/18*	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	-4.3%	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.

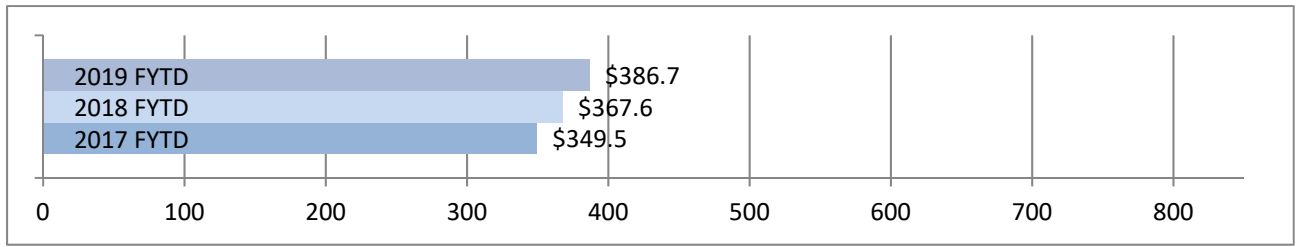
**Note:** In investment parlance, the lower the percentile regarding peer comparison, the better the performance relative to peers. For instance, NHRS' five-year performance in the 7<sup>th</sup> percentile means the retirement system outperformed 93% of peer public plans over that period.

**CONTRIBUTIONS (in millions through 12/31\*)**



\* 12/31/18 data is unaudited

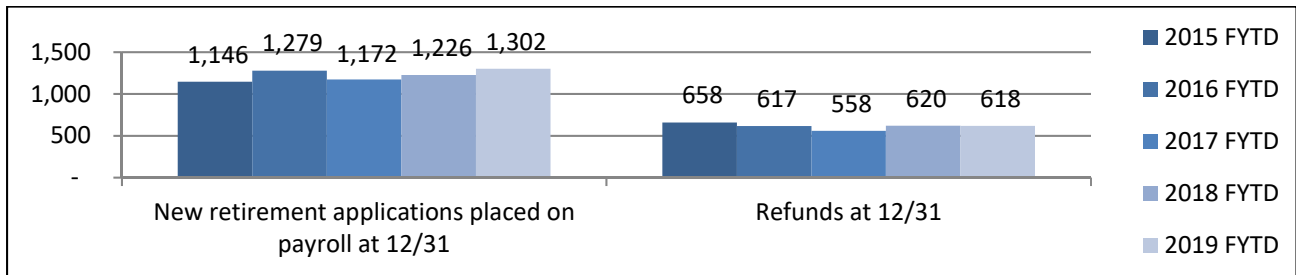
**PENSION BENEFITS PAID (in millions through 12/31\*)**



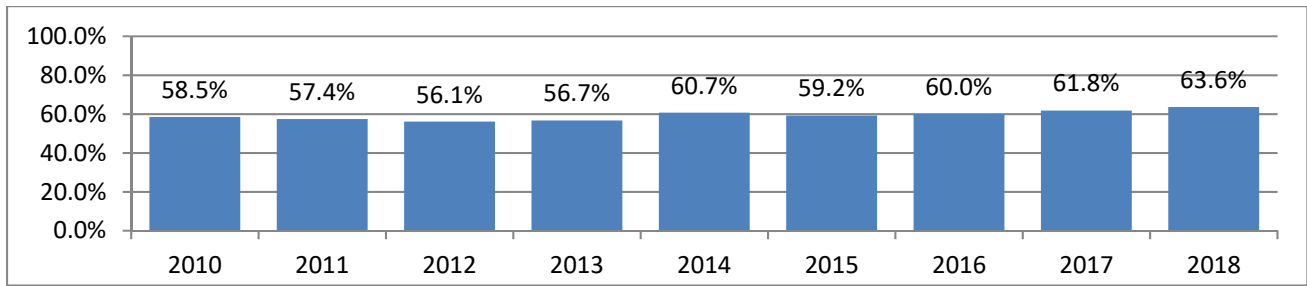
\* 12/31/18 data is unaudited

**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**

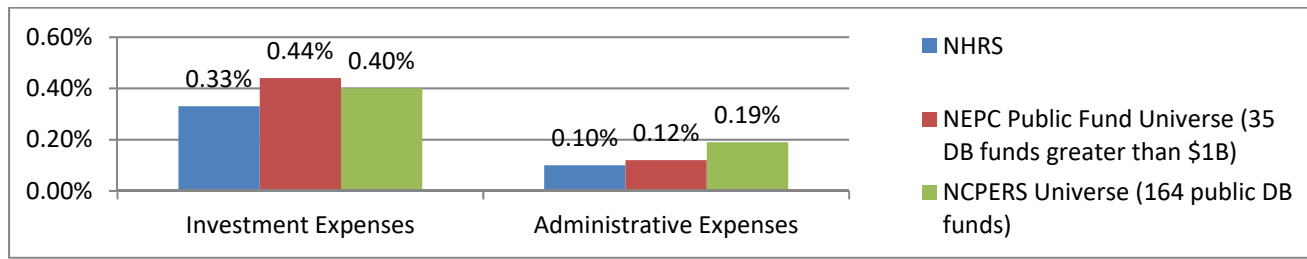


Funded ratio impacted by reductions to assumed rate of return and revised actuarial assumptions in 2011, 2016

## 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	December 2018	December 2017	December 2016	December 2015
Net Position Change	(\$0.485)	\$0.496	\$0.221	(\$0.308)
Prior Year Beginning Balance	\$8.874	\$8.293	\$7.461	\$7.530
<b>Net Position Balance</b>	<b>\$8.389</b>	<b>\$8.789</b>	<b>\$7.682</b>	<b>\$7.222</b>
<b>FYTD 2019 Budget vs. Actual</b>				
<b>Non-Investment Administrative Expenses</b>				
<b>October 1, 2018 through December 31, 2018</b>				
	<b>Total Budget</b>	<b>FYTD Budget</b>	<b>Actual</b>	<b>Difference</b>
<b>Administrative Expenses</b>				
Internal (Statutory Admin. Budget)	\$ 8,779,881	\$ 4,423,691	\$ 3,917,509	\$ 506,182
External (Actuary, Legal, Audit)	\$ 1,110,788	\$ 555,394	\$ 434,666	\$ 120,728
<b>Total</b>	<b>\$ 9,890,669</b>	<b>\$ 4,979,085</b>	<b>\$ 4,352,175</b>	<b>\$ 626,910</b>

## EXPENSES AS A PERCENTAGE OF ASSETS



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