

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 956
Committee Substitute Favorable 5/21/07
Third Edition Engrossed 5/22/07
Senate Education/Higher Education Committee Substitute Adopted 6/27/07

Short Title: Retired Teachers Work.

(Public)

Sponsors:

Referred to:

March 22, 2007

A BILL TO BE ENTITLED

1
2 AN ACT TO MODIFY THE PROVISION THAT PERMITS RETIRED TEACHERS
3 TO RETURN TO THE CLASSROOM WITHOUT A LOSS OF RETIREMENT
4 BENEFITS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 135-3(8)c. reads as rewritten:

7 "c. Should a beneficiary who retired on an early or service
8 retirement allowance under this Chapter be reemployed, or
9 otherwise engaged to perform services, by an employer
10 participating in the Retirement System on a part-time,
11 temporary, interim, or on a fee-for-service basis, whether
12 contractual or otherwise, and if such beneficiary earns an
13 amount during the 12-month period immediately following the
14 effective date of retirement or in any calendar year which
15 exceeds fifty percent (50%) of the reported compensation,
16 excluding terminal payments, during the 12 months of service
17 preceding the effective date of retirement, or twenty thousand
18 dollars (\$20,000), whichever is greater, as hereinafter indexed,
19 then the retirement allowance shall be suspended as of the first
20 day of the month following the month in which the
21 reemployment earnings exceed the amount above, for the
22 balance of the calendar year. The retirement allowance of the
23 beneficiary shall be reinstated as of January 1 of each year
24 following suspension. The amount that may be earned before
25 suspension shall be increased on January 1 of each year by the
26 ratio of the Consumer Price Index to the Index one year earlier,
27 calculated to the nearest tenth of a percent (1/10 of 1%).

1 The computation of postretirement earnings of a beneficiary
2 under this sub-subdivision, who retired on or before July 1,
3 2007, and who has been retired at least six months and has not
4 been employed in any capacity with a public school for at least
5 six months immediately preceding the effective date of
6 reemployment, shall not include earnings while the beneficiary
7 is employed to teach in a permanent full-time or part-time
8 capacity that exceeds fifty percent (50%) of the applicable
9 workweek in a public school. The Department of Public
10 Instruction shall certify to the Retirement System that a
11 beneficiary is employed to teach by a local school
12 administrative unit under the provisions of this sub-subdivision
13 and as a retired teacher as the term is defined under the
14 provisions of G.S. 115C-325(a)(5a).

15 The computation of postretirement earnings of a beneficiary
16 under this sub-subdivision, who retired after July 1, 2007, after
17 attaining the age of at least 60 years with at least 25 years of
18 creditable service, and who has been retired at least six months
19 and has not been employed in any capacity with a public school
20 for at least six months immediately preceding the effective date
21 of reemployment, shall not include earnings while the
22 beneficiary is employed to teach in a permanent full-time or
23 part-time capacity that exceeds fifty percent (50%) of the
24 applicable workweek in a public school. The Department of
25 Public Instruction shall certify to the Retirement System that a
26 beneficiary is employed to teach by a local school
27 administrative unit under the provisions of this sub-subdivision
28 and as a retired teacher as the term is defined under the
29 provisions of G.S. 115C-325(a)(5a).

30 Beneficiaries employed under this sub-subdivision are not
31 entitled to any benefits otherwise provided under this Chapter
32 as a result of this period of employment."

33 **SECTION 2.** G.S. 115C-325(5a), which expired June 30, 2007, is reenacted

34 to read:

35 "(5a) "Retired teacher" means a beneficiary of the Teachers' and State
36 Employees' Retirement System of North Carolina who retired on or
37 before July 1, 2007, and who has been retired at least six months, has
38 not been employed in any capacity for at least six months, immediately
39 preceding the effective date of reemployment, is determined by a local
40 board of education or a charter school to have had satisfactory
41 performance during the last year of employment by a local board of
42 education or a charter school, and who is employed to teach as
43 provided in G.S. 135-3(8)c. A retired teacher at a school other than a
44 charter school shall be treated the same as a probationary teacher

1 except that (i) a retired teacher is not eligible for career status and (ii)
2 the performance of a retired teacher who had attained career status
3 prior to retirement shall be evaluated in accordance with a local board
4 of education's policies and procedures applicable to career teachers.

5 "Retired teacher" also means a beneficiary of the Teachers' and
6 State Employees' Retirement System of North Carolina who retired
7 after July 1, 2007, after attaining the age of at least 60 years with at
8 least 25 years of creditable service and who has been retired at least six
9 months, has not been employed in any capacity for at least six months,
10 immediately preceding the effective date of reemployment, is
11 determined by a local board of education or a charter school to have
12 had satisfactory performance during the last year of employment by a
13 local board of education or a charter school, and who is employed to
14 teach as provided in G.S. 135-3(8)c. A retired teacher at a school other
15 than a charter school shall be treated the same as a probationary
16 teacher except that (i) a retired teacher is not eligible for career status
17 and (ii) the performance of a retired teacher who had attained career
18 status prior to retirement shall be evaluated in accordance with a local
19 board of education's policies and procedures applicable to career
20 teachers."

21 **SECTION 3.** Notwithstanding any other provision of law, effective July 1,
22 2007, each local school administrative unit shall pay to the Teachers' and State
23 Employees' Retirement System a Reemployed Teacher Contribution Rate of eleven and
24 seventy-hundredths percent (11.70%) as a percentage of covered salaries that the retired
25 teachers, who are exempt from the earnings cap, are being paid. Each local school
26 administrative unit shall report monthly to the Retirement Systems Division on
27 payments made pursuant to this section.

28 Notwithstanding any other provision of law, effective July 1, 2007, any
29 portion of the payment made by a local school administrative unit to a reemployed
30 teacher who is exempt from the earnings cap, consisting of salary plus the Reemployed
31 Teacher Contribution Rate, that exceeds the State-supported salary level for that
32 position shall be paid from local funds.

33 **SECTION 4.** If the Internal Revenue Service determines that the provisions
34 of G.S. 135-3(8)c. relating to the computation of postretirement earnings of retired
35 teachers jeopardize the status of the Teachers' and State Employees' Retirement System
36 of North Carolina under the Internal Revenue Code, then the final two paragraphs of
37 G.S. 135-3(8)c. are repealed.

38 **SECTION 5.** This act becomes effective July 1, 2007. Sections 1 and 2 of
39 this act expire June 30, 2009.