

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007**

**HOUSE BILL 956
RATIFIED BILL**

**AN ACT TO MODIFY THE PROVISION THAT PERMITS RETIRED TEACHERS
TO RETURN TO THE CLASSROOM WITHOUT A LOSS OF RETIREMENT
BENEFITS.**

The General Assembly of North Carolina enacts:

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

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

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

The computation of postretirement earnings of a beneficiary under this sub-subdivision, who retired after October 1, 2007, after attaining (i) the age of at least 65 with five years of creditable service; or (ii) the age of at least 60 with 25 years of

creditable service; or (iii) 30 years of service; and who has been retired at least six months and has not been employed in any capacity with a public school for at least six months immediately preceding the effective date of reemployment, shall not include earnings while the beneficiary is employed to teach in a permanent full-time or part-time capacity that exceeds fifty percent (50%) of the applicable workweek in a public school. The Department of Public Instruction shall certify to the Retirement System that a beneficiary is employed to teach by a local school administrative unit under the provisions of this sub-subdivision and as a retired teacher as the term is defined under the provisions of G.S. 115C-325(a)(5a).

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

SECTION 2. G.S. 115C-325(5a), which expires August 1, 2007, is reenacted on that date to read:

"(5a) "Retired teacher" means a beneficiary of the Teachers' and State Employees' Retirement System of North Carolina who retired on or before October 1, 2007, and who has been retired at least six months, has not been employed in any capacity for at least six months, immediately preceding the effective date of reemployment, is determined by a local board of education or a charter school to have had satisfactory performance during the last year of employment by a local board of education or a charter school, and who is employed to teach as provided in G.S. 135-3(8)c. A retired teacher at a school other than a charter school shall be treated the same as a probationary teacher except that (i) a retired teacher is not eligible for career status and (ii) the performance of a retired teacher who had attained career status prior to retirement shall be evaluated in accordance with a local board of education's policies and procedures applicable to career teachers.

"Retired teacher" also means a beneficiary of the Teachers' and State Employees' Retirement System of North Carolina who retired after October 1, 2007, after attaining (i) the age of at least 65 with five years of creditable service; or (ii) the age of at least 60 with 25 years of creditable service; or (iii) 30 years of service; who has been retired at least six months, has not been employed in any capacity for at least six months immediately preceding the effective date of reemployment, is determined by a local board of education or a charter school to have had satisfactory performance during the last year of employment by a local board of education or a charter school, and who is employed to teach as provided in G.S. 135-3(8)c. A retired teacher at a school other than a charter school shall be treated the same as a probationary teacher except that (i) a retired teacher is not eligible for career status and (ii) the performance of a retired teacher who had attained career status prior to retirement shall be evaluated in accordance with a local board of education's policies and procedures applicable to career teachers."

SECTION 3.(a) Subsection (d) of Section 28.24 of S.L. 1998-212, as rewritten by Section 28.10 of S.L. 2002-126, subsection (a) of Section 31.18A of S.L. 2004-124, Section 7A.1 of S.L. 2005-144, and subsection (a) of Section 7 of S.L. 2007-145, reads as rewritten:

"(d) This section becomes effective January 1, 1999, and expires ~~August 1, 2007.~~ October 1, 2007."

SECTION 3.(b) The introductory language of Section 67 of S.L. 1998-217, as rewritten by Section 28.10 of S.L. 2002-126, subsection (b) of Section 31.18A of S.L. 2004-124, Section 7A.2 of S.L. 2005-144, and subsection (b) of Section 7 of S.L. 2007-145, reads as rewritten:

"**SECTION 67.** Effective January 1, 1999, through ~~August 1, 2007~~, October 1, 2007, G.S. 135-3(8)c., as rewritten by Section 28.24(a) of S.L. 1998-212 reads as rewritten:"

SECTION 3.(c) Subsection (b) of Section 67.1 of S.L. 1998-217, as rewritten by Section 28.10 of S.L. 2002-126, subsection (c) of Section 31.18A of S.L. 2004-124, Section 7A.3 of S.L. 2005-144, and subsection (c) of Section 7 of S.L. 2007-145, reads as rewritten:

"(b) This section becomes effective January 1, 1999, and expires ~~August 1, 2007~~.
October 1, 2007."

SECTION 3.(d) Subsection (c) of Section 32.25 of S.L. 2001-424, as rewritten by Section 28.10 of S.L. 2002-126, subsection (d) of Section 31.18A of S.L. 2004-124, Section 7A.4 of S.L. 2005-144, and subsection (d) of Section 7 of S.L. 2007-145, reads as rewritten:

"**SECTION 32.25.(c)** This section becomes effective July 1, 2001, and expires ~~August 1, 2007~~.
October 1, 2007."

SECTION 3.(e) Section 57(c) of S.L. 2004-199, as amended by Section 29.28(d) of S.L. 2005-276 and subsection (e) of Section 7 of S.L. 2007-145, reads as rewritten:

"**SECTION 57.(c)** This section expires ~~August 1, 2007~~.
October 1, 2007."

SECTION 3.(f) Section 25 of S.L. 2006-226, as amended by subsection (f) of Section 7 of S.L. 2007-145, reads as rewritten:

"**SECTION 25.(b)** This section becomes effective ~~August 1, 2007~~.
October 1, 2007."

SECTION 4. Notwithstanding any other provision of law, effective July 1, 2007, each local school administrative unit shall pay to the Teachers' and State Employees' Retirement System a Reemployed Teacher Contribution Rate of eleven and seventy-hundredths percent (11.70%) as a percentage of covered salaries that the retired teachers, who are exempt from the earnings cap, are being paid. Each local school administrative unit shall report monthly to the Retirement Systems Division on payments made pursuant to this section.

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

SECTION 5. If the Internal Revenue Service determines that the provisions of G.S. 135-3(8)c. relating to the computation of postretirement earnings of retired teachers jeopardize the status of the Teachers' and State Employees' Retirement System of North Carolina under the Internal Revenue Code, then the final three paragraphs of G.S. 135-3(8)c. are repealed.

SECTION 6. Section 3 of this act becomes effective July 31, 2007. The remainder of this act becomes effective October 1, 2007, and expires October 1, 2009. In the General Assembly read three times and ratified this the 31st day of July, 2007.

Beverly E. Perdue
President of the Senate

Joe Hackney
Speaker of the House of Representatives

Michael F. Easley
Governor

Approved _____ .m. this _____ day of _____, 2007