

**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
Fifth Edition Engrossed 7/3/07**

Short Title: Retired Teachers Work.

(Public)

Sponsors:

Referred to:

March 22, 2007

A BILL TO BE ENTITLED

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

1 ratio of the Consumer Price Index to the Index one year earlier,
2 calculated to the nearest tenth of a percent (1/10 of 1%).

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

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

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

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

37 "(5a) "Retired teacher" means a beneficiary of the Teachers' and State
38 Employees' Retirement System of North Carolina who retired on or
39 before July 1, 2007, and who has been retired at least six months, has
40 not been employed in any capacity for at least six months, immediately
41 preceding the effective date of reemployment, is determined by a local
42 board of education or a charter school to have had satisfactory
43 performance during the last year of employment by a local board of
44 education or a charter school, and who is employed to teach as

1 provided in G.S. 135-3(8)c. A retired teacher at a school other than a
2 charter school shall be treated the same as a probationary teacher
3 except that (i) a retired teacher is not eligible for career status and (ii)
4 the performance of a retired teacher who had attained career status
5 prior to retirement shall be evaluated in accordance with a local board
6 of education's policies and procedures applicable to career teachers.

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

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

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

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

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