

February 19, 2009

H 229. RETIRED TEACHERS RETURN TO WORK. Filed 2/19/09. *TO MODIFY THE PROVISION THAT PERMITS RETIRED TEACHERS TO RETURN TO THE CLASSROOM WITHOUT A LOSS OF RETIREMENT BENEFITS BY SHORTENING THE WAITING PERIOD BETWEEN RETIREMENT AND RE-EMPLOYMENT, EXTENDING THE SUNSET ON THE PROVISION, AND REMOVING THE PROHIBITION ON CONTRACTOR SERVICE AFTER RETIREMENT FOR ALL STATE EMPLOYEES, AS RECOMMENDED BY THE JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE.*

Current law provides that members of the Teachers and State Employees Retirement System (TSERS) must provide no service for a period of *six months* immediately following the effective date of retirement to avoid any loss of retirement benefits (also referenced as an earnings cap). Amends GS 135-1(20) to reduce the waiting period to *four months* for members of TSERS who are retired teachers as defined in GS 115C-325(5a) retiring on or after October 1, 2009. Provides that members who retired from teaching on or after October 1, 2009, cannot provide part-time, temporary, or substitute service for four months following the effective date of retirement if the retired teacher (1) is at least 65 years old with five years of creditable service, (2) is at least 60 years old with 25 years of creditable service, or (3) has 30 years of service. Removes the prohibition on contractor service after retirement for *all* state employees.

Makes conforming changes to GS 135-3(8)(c) regarding the computation of postretirement earnings for beneficiaries retiring after October 1, 2007, and on or before September 30, 2009, and those who retire after October 1, 2009. Also makes conforming changes to GS 115C-325(5a) to amend the definition of *retired teacher*.

Provides that if the Internal Revenue Service determines that the proposed changes to GS 135-3(8)(c) regarding the computation of postretirement earnings of retired teachers jeopardize the status of TSERS under the Internal Revenue Code, then the proposed changes are repealed.

Additionally directs that effective July 1, 2009, each local school administrative unit is to pay to TSERS a Reemployed Teacher Contribution Rate (Contribution Rate) of 11.70% as a percentage of covered salaries paid to retired teachers who are exempt from the earnings cap. Requires local school administrative units to make monthly reports to the Retirement Systems Division on the payments made under this Contribution Rate. Directs that the amount paid to a teacher who is exempt from the earnings cap that is more than the state-supported salary level for that position is to be paid from local funds.

Effective October 1, 2009, and sunsets October 1, 2011.

Intro. by McLawhorn, Jeffus, Yongue, Tolson. GS 115C, 135