

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 648

Short Title: Reduce Service Break/Returning Teachers. (Public)

Sponsors: Representatives Holloway; Bell, Blackwood, Jackson, Lucas, and Wray.

Referred to: Education, if favorable, Pensions and Retirement, if favorable, Appropriations.

March 18, 2009

A BILL TO BE ENTITLED

AN ACT TO REDUCE THE REQUIRED BREAK IN SERVICE FOR TEACHERS WHO
RETURN TO WORK WITHOUT LOSING RETIREMENT BENEFITS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-1(20) reads as rewritten:

"(20) "Retirement" means the termination of employment and the complete separation from active service with no intent or agreement, express or implied, to return to service. A retirement allowance under the provisions of this Chapter may only be granted upon retirement of a member. In order for a member's retirement to become effective in any month, the member must render no service, including part-time, temporary, substitute, or contractor service, at any time during the ~~six~~ four months immediately following the effective date of retirement. For purposes of this subdivision, service as a member of a school board shall not be considered service."

SECTION 2. 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 by, or otherwise engaged to perform services for, 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, except when the reemployment earnings exceed the amount above in the month of December, in which case the retirement allowance shall not be suspended. 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%).



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

14 The computation of postretirement earnings of a beneficiary
15 under this sub-subdivision, who retired after October 1, 2007, after
16 attaining (i) the age of at least 65 with five years of creditable
17 service; or (ii) the age of at least 60 with 25 years of creditable
18 service; or (iii) 30 years of service; and who has been retired at least
19 six months and has not been employed in any capacity with a public
20 school for at least six months immediately preceding the effective
21 date 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 applicable
24 workweek in a public school. The Department of Public Instruction
25 shall certify to the Retirement System that a beneficiary is employed
26 to teach by a local school administrative unit under the provisions of
27 this sub-subdivision and as a retired teacher as the term is defined
28 under the provisions of G.S. 115C-325(a)(5a).

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

32 **SECTION 3.** Section 6 of S.L. 2007-326 reads as rewritten:

33 "**SECTION 6.** Section 3 of this act becomes effective July 31, 2007. The remainder of this
34 act becomes effective October 1, 2007, and expires ~~October 1, 2009~~ October 1, 2010."

35 **SECTION 4.** This act becomes effective July 1, 2009.