

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

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**HOUSE DRH30149-LL-142 (3/5)**

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

Sponsors: Representative Holloway.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO REDUCE THE REQUIRED BREAK IN SERVICE FOR TEACHERS WHO  
3 RETURN TO WORK WITHOUT LOSING RETIREMENT BENEFITS.

4 The General Assembly of North Carolina enacts:

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

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

15 **SECTION 2.** G.S. 135-3(8)c. reads as rewritten:

16 "c. Should a beneficiary who retired on an early or service retirement  
17 allowance under this Chapter be reemployed by, or otherwise  
18 engaged to perform services for, an employer participating in the  
19 Retirement System on a part time, temporary, interim, or on a fee for  
20 service basis, whether contractual or otherwise, and if such  
21 beneficiary earns an amount during the 12 month period immediately  
22 following the effective date of retirement or in any calendar year  
23 which exceeds fifty percent (50%) of the reported compensation,  
24 excluding terminal payments, during the 12 months of service  
25 preceding the effective date of retirement, or twenty thousand dollars  
26 (\$20,000), whichever is greater, as hereinafter indexed, then the  
27 retirement allowance shall be suspended as of the first day of the  
28 month following the month in which the reemployment earnings  
29 exceed the amount above, for the balance of the calendar year, except  
30 when the reemployment earnings exceed the amount above in the  
31 month of December, in which case the retirement allowance shall not  
32 be suspended. The retirement allowance of the beneficiary shall be  
33 reinstated as of January 1 of each year following suspension. The  
34 amount that may be earned before suspension shall be increased on  
35 January 1 of each year by the ratio of the Consumer Price Index to



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

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

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

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

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

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

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