

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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HOUSE BILL 812

Short Title: Amend Retirees' Earnings Restriction. (Public)

Sponsors: Representatives Rapp; B. Allen, Carney, England, Farmer-Butterfield, Glazier, Goforth, Jeffus, C. Johnson, McHenry, Nye, Parmon, and Pate.

Referred to: Pensions and Retirement.

March 31, 2003

A BILL TO BE ENTITLED

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2 AN ACT TO AMEND THE EARNINGS RESTRICTION ON RETIREES UNDER
3 THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND
4 THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM BY
5 ELIMINATING THE APPLICATION OF THE RESTRICTION TO THE
6 TWELVE-MONTH PERIOD IMMEDIATELY FOLLOWING THE DATE OF
7 RETIREMENT.

8 The General Assembly of North Carolina enacts:

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

10 "c. Should a beneficiary who retired on an early or service
11 retirement allowance under this Chapter be reemployed, or
12 otherwise engaged to perform services, by an employer
13 participating in the Retirement System on a part-time,
14 temporary, interim, or on a fee-for-service basis, whether
15 contractual or otherwise, and if such beneficiary earns an
16 amount ~~during the 12-month period immediately following the~~
17 ~~effective date of retirement~~ or in any calendar year which
18 exceeds fifty percent (50%) of the reported compensation,
19 excluding terminal payments, during the 12 months of service
20 preceding the effective date of retirement, or twenty thousand
21 dollars (\$20,000), whichever is greater, as hereinafter indexed,
22 then the retirement allowance shall be suspended as of the first
23 day of the month following the month in which the
24 reemployment earnings exceed the amount above, for the
25 balance of the calendar year. The retirement allowance of the
26 beneficiary shall be reinstated as of January 1 of each year
27 following suspension. The amount that may be earned before
28 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, G.S. 135-3(8)c., who has been
5 retired at least six months and has not been employed in any
6 capacity, except as a substitute teacher or a part-time tutor, with
7 a public school for at least six months immediately preceding
8 the effective date of reemployment, shall not include earnings
9 while the beneficiary is employed to teach on a substitute,
10 interim, or permanent basis in a public school. The Department
11 of Public Instruction shall certify to the Retirement System that
12 a beneficiary is employed to teach by a local school
13 administrative unit under the provisions of this sub-subdivision
14 and as a retired teacher as the term is defined under the
15 provisions of G.S. 115C-325(a)(5a).

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

19 **SECTION 2.** G.S. 128-24(5)c. reads as rewritten:

20 "c. Should a beneficiary who retired on an early or service
21 retirement allowance be reemployed, or otherwise engaged to
22 perform services, by an employer participating in the
23 Retirement System on a part-time, temporary, interim, or on
24 fee-for-service basis, whether contractual or otherwise, and if
25 such beneficiary earns an amount ~~during the 12-month period~~
26 ~~immediately following the effective date of retirement~~ or in any
27 calendar year which exceeds fifty percent (50%) of the reported
28 compensation, excluding terminal payments, during the 12
29 months of service preceding the effective date of retirement, or
30 twenty thousand dollars (\$20,000), whichever is greater, as
31 hereinafter indexed, then the retirement allowance shall be
32 suspended as of the first day of the month following the month
33 in which the reemployment earnings exceed the amount above,
34 for the balance of the calendar year. The retirement allowance
35 of the beneficiary shall be reinstated as of January 1 of each
36 year following suspension. The amount that may be earned
37 before suspension shall be increased on January 1 of each year
38 by the ratio of the Consumer Price Index to the Index one year
39 earlier, calculated to the nearest tenth of a percent (1/10 of
40 1%)."

41 **SECTION 3.** This act becomes effective July 1, 2003, and applies to
42 members retiring on or after that date.