

# **Reemployment of Retirees in Public Schools**

## **Questions and Answers**

(Based on March 7, 2008 Memorandum)

The Department of Public Instruction in collaboration with the Office of the State Treasurer, Retirement Systems Division, has reviewed existing policy as it relates to the reemployment of public school retirees. At issue was the employment of retirees as teachers exempt from the earnings cap, and supplementing their teaching assignment with other duties. The following Questions and Answers are provided to ensure clarity on this issue.

**1. What are the eligibility criteria for a retiree to be re-employed exempt from the earnings cap?**

- Retired for at least 6 months and rendered no service to a public school or state agency during the 6 months;
- Employed to teach in a permanent status greater than 50% of the workweek;
- Must have an effective date of retirement of October 1, 2007 or earlier;
- If effective date of retirement is November 1, 2007 and later, retiree must have retired with full benefits:
  - Age 65 with 5 years of service credit, or
  - Age 60 with 25 years of service credit, or
  - Any age with 30 years of service credit
- Had satisfactory performance during last year of employment in LEA or Charter School;
- LEA must contribute 11.70% of all covered salaries to the Retirement Systems Division;
- LEA must enroll retiree in State Health plan and pay premiums when retiree is employed in permanent status for 30 or more hours per week.

**2. Are all reemployed retirees considered exempt from the earnings cap after completing a 6-month break in service?**

No. Only retirees who have met the criteria listed above are eligible to return to work exempt from the earnings cap.

**3. Can a retiree be employed exempt from the earnings cap in an assignment other than teaching?**

No. Retirees must be reemployed to teach in order to be exempt from the earnings cap.

**4. Can a retiree exempt from the earnings cap supplement his/her teaching assignment with other duties like coaching?**

Yes. An eligible retiree employed exempt from the earnings cap can also supplement teaching assignments with other paid special duties, such as coaching. These special duties should occur outside of the instructional day. The LEA is responsible for contributing 11.70% of the salary paid to the retiree for these duties.

**5. Is all of the salary paid to an exempt retiree subject to 11.70%? If so, who pays?**

Yes. Effective April 1, 2008, the LEA must contribute 11.70% of all payments made to the retiree. All payments include the following:

- Teaching salary
- Coaching supplements
- Longevity
- Annual leave payouts
- Mentor pay
- ABC bonuses, etc.

The LEA has three (3) options available to fund the 11.70% contribution to the Retirement Systems Division:

1. Use funds from the same source used to pay the teacher. The LEA can offer the retiree a lower salary and use the difference to make the contribution.
2. Use local funds to make the contribution.
3. A combination of the above.

**6. Can the LEA deduct the 11.7% retirement contribution from the teachers' pay?**

No. The retiree is not responsible for the 11.70% contribution, and deducting the retirement contribution from the retiree's pay would require that the retiree pay tax on the contribution.

**7. Can the LEA negotiate (use state funds) to pay the 11.70% contribution for coaching supplements, longevity, annual leave payouts, mentor pay, ABC bonuses, etc? In other words, can the LEA use state funds to pay the 11.70% contribution for all covered salaries?**

No. Local funds must be used to pay the 11.70% contribution for all other covered salaries (any additional pay either paid from state or local).

The only exception is the State funds saved in the original negotiation of the monthly teaching salary.

**8. Can a retiree exempt from the cap who is employed for only 51% of the day, be employed for the remainder of the school day in another capacity such as athletic director, guidance counselor, administrator, etc?**

No. A retiree employed to teach exempt from the earnings cap cannot be employed for the remainder of a day in any other position in an LEA. The exempt retiree can supplement teaching assignments with special duties as discussed in Question #4.

**9. Can a retiree be employed exempt from the earnings cap to teach driver's education, on-line courses (virtual education) and do remediation?**

Yes. Driver's education, on-line teaching, and remediation assignments, qualifies to be exempt from the earnings cap. The assignment must be full-time or greater than 50% of the workweek. Salaries paid are subject to the 11.70% contribution.

**10. What object codes should be used to pay the other covered salaries?**

Use the appropriate state or local purpose/object codes for paying the covered salary whether it is a coaching supplement, local supplements, mentor pay, annual leave payout, etc...Always code the monthly teacher salary to 128.

**11. What codes and funding source do I use to record the 11.70% payment?**

No change, you can continue to pay the 11.70% of the state negotiated salary portion to object 228 from the State PRC purpose that you have used all year long.

For all other compensation, (e.g.) longevity, local supplement, etc. the 11.7%, must be paid from a local funding source. Payments related to the 11.7% must be coded to object 228 in order for them to be recognized by the Retirement Office.

April 23, 2008

**TO:** LEA Human Resources Administrators  
LEA Finance Officers

**FROM:** Larry M. Simmons, Section Chief  
School Personnel Support  
School Business Division

### **EMPLOYING RETIREES**

This memo is a follow-up to the March 7, 2008, requirements for reemploying retirees. There appears to be some misinformation or misunderstanding as it relates to the LEA requirement to contribute 11.70% of all covered salaries paid to a retiree who is reemployed exempt from the earnings cap. The following information is provided to bring clarity to this issue.

The General Statutes requires that the LEA, and **NOT** the retiree, is responsible for contributing the 11.70% of all salaries to the Retirement Systems Division. The legislation also provided three (3) options the LEA could use to fund the 11.70% requirement:

1. The LEA can elect to use the same funding source used to pay the retiree. This is the so-called “negotiated” salary option. Prior to making an offer of employment to a retiree, the LEA, using the funds from the state-funded teacher position that will be used to employ the retiree, can secure the 11.70% contribution amount from the pay line and make the offer of employment to the retiree based on the adjusted pay line. The retiree has the option to accept or reject the offer.

Example:

Years of Service	Salary (Monthly)	Salary (Minus 11.70%)
30	\$5,106	\$4,508.60

In this example, the “negotiated” base salary for the retiree is \$4,508.60.

2. The LEA can elect to use local funds to make the 11.70% contribution to the Retirement Systems Division.
3. The LEA can elect to use a combination of options 1 and 2 above.

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A key consideration of this provision is that the retiree is **NOT** responsible for contributing the 11.70%. Informing the retiree that you are taking the 11.70% from their salary, or using language that indicates that the retiree is making the contribution is inconsistent with existing legislation.

Additionally, the March 7, 2008, memo regarding the new policies on the reemployment of retirees indicates that the 11.70% contribution has to be paid on “all” covered salaries. Covered salaries, as stated in the memo, includes, teaching salary, local supplements, bonuses, mentor pay, longevity, annual leave payouts, ABC bonuses, etc. A key question here is whether or not the LEA can “negotiate” the teaching salary of the retiree as illustrated above in Option 1, to include the payment for all covered salary. In other words, can the LEA use the funds of a state-funded position to pay the 11.70% contribution for all covered salaries?

The LEA can only use state funds to negotiate the teaching salary. Local funding sources must be used to pay the 11.70% contribution for all other covered salaries.

If you have any questions, please feel free to contact me at [lsimmons@dpi.state.nv.us](mailto:lsimmons@dpi.state.nv.us) , or at (919) 807-3364.