

From: Orbit Employer Reporting <OER@nctreasurer.com>
Sent: Thursday, September 12, 2019 12:28 PM
Subject: High-Need Retired Teacher Legislation - Additional Info (1-50)

Good afternoon,

In response to questions from employers, the Retirement Systems Division of the Department of State Treasurer (RSD) would like to provide additional information regarding the e-mail from September 10 related to the "opt-out" provision under Senate Bill 621 (S.L. 2019-212).

- (1) RSD's September 10 e-mail included a link to a summary of the legislation on the website of the Department of Public Instruction. That link described Senate Bill 399 (S.L. 2019-110). Senate Bill 621 (S.L. 2019-212) modified Senate Bill 399 in some respects. The summary on DPI's website, linked from RSD's e-mail, did not reflect those modifications.
- (2) Under Senate Bill 621 as enacted, it is possible for a school system to employ some retired teachers who meet the definition of "high-need retired teacher" (under "Option 2" from the September 10 e-mail), while employing other retired teachers, who do not meet that definition, under "Option 1." For example, part-time teachers would not meet the definition of "high-need retired teacher," and could still be employed under "Option 1," including the restriction on earnings.
- (3) If a school system knows that it will not be hiring high-need retired teachers (as defined in Senate Bill 621) for the school year, Senate Bill 621 provides that the school system should notify RSD by September 15 each year. For example, the school system may wish to notify RSD to avoid any doubt during the year, on the part of either RSD or the school system, as to whether the school system will be employing high-need retired teachers.

Orbit Employer Reporting

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North Carolina
Total Retirement Plans

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From: Orbit Employer Reporting
Sent: Tuesday, September 10, 2019 9:13 AM
Subject: High-Needs Retired Teacher Legislation 152-201

Good Morning,

Earlier this year, Senate Bill 399 (Session Law 2019-110) (<https://www.ncleg.gov/Sessions/2019/Bills/Senate/PDF/S399v6.pdf>) was ratified and subsequently modified by Senate Bill 621 (Session Law 2019-212) (<https://www.ncleg.gov/Sessions/2019/Bills/Senate/PDF/S621v7.pdf>) on September 4, allowing retired teachers who meet certain requirements to return to work in high-needs schools without an earnings cap.

Because of the September modification, employers generally have two options when considering this legislation:

Option 1: Hire under the standard practice of rehiring a retired teacher who is required to work under the earnable allowance.

Option 2: Apply the new legislation as described here (<http://www.dpi.state.nc.us/docs/fbs/conferences/sl2019-110.pdf>) by the NC Department of Public Instruction and choose to rehire a retired teacher who then becomes exempt from the earnable allowance to work at certain schools. Under this option you would be responsible for that individual's health coverage and you would have to pay the teacher under the pay schedule as defined in Senate Bill 399, in addition to meeting all other criteria in that legislation. Additionally, school systems who employ high-need retired teachers under the provisions of Senate Bill 399 are potentially liable for penalties that the IRS may assess if the IRS finds that Senate Bill 399 jeopardizes the tax status of the North Carolina Teachers and State Employees' Retirement System. Further, should this happen, the school system hiring retirees under the new law will be responsible for covering the cost to the retirement system of any resulting overpayment of benefits.

The recent modification of the original law allows school systems to **opt out** of hiring teachers under Option 2 upon notification to the Retirement Systems Division no later than September 15, 2019. You may do so by email at oyer@nctreasurer.com

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