



## **Retirement Monitor, May 15, 2009**

*A monthly newsletter for public sector human resources and payroll specialists from Retirement Systems, a division of the North Carolina Department of State Treasurer.*

### **North Carolina Retirement Systems**

#### **Special Edition for K-12 Schools, Community Colleges and Universities**

#### **Retirement Guidelines Defined with Passage of House Bill 94**

Early in the legislative session, the General Assembly passed HB 94 giving new retirees the opportunity to return to schools as unpaid bona fide volunteers.

Retirees who want to volunteer a few hours a week selling concessions at an athletic game, or assisting with fundraisers, among other activities, may do so in the first six months following retirement.

It is not intended to allow a retiree to volunteer as a classroom teacher, for example to hold a job open for the first six months after retirement. That would violate both federal law and state statutes (GS 135-1(20)) prohibiting "intent or agreement, express or implied, to return to service." Volunteering is not employment; therefore, volunteers must not be utilized to fill vacancies that are normally paid positions.

The volunteer work must be performed without promise or expectation of compensation. If volunteering today helps you secure a paid position in the future, that is a form of compensation.

There are some situations that are unclear, for example duties that are sometimes performed by paid employees and sometimes performed by parent or community volunteers. If you are considering volunteering in one of those roles, we strongly suggest that you provide us a full written description of the role you are considering so that we can provide additional guidance.

Questions about this bill should be directed, in writing, to:

Retirement Systems Division  
Department of State Treasurer  
325 North Salisbury Street  
Raleigh, North Carolina 27603-1385; or email [nc.retirement@nctreasurer.com](mailto:nc.retirement@nctreasurer.com)

Teachers or school administrators with questions about school district policies should contact Larry M. Simmons at the N.C. Department of Public Instruction on 919-807-3364, or email [LSimmons@dpi.state.nc.us](mailto:LSimmons@dpi.state.nc.us).

#### **Monthly Reporting Data Change to Enhance Service Credit Accuracy for Education Employees**

In order to ensure that retirement service credit is accurately and equitably reported and credited for all education employees, the following changes will be implemented:

**Effective August 1, 2009, for your July 2009 ORBIT report, the Retirement System will ask you to report a "retirement service type" and a "retirement service period" instead of a "contract type" and "contract period" for each employee.**

For "retirement service period" (which replaces "contract period"), you should report the actual beginning date and ending date of each employee's work period. "Retirement service type" (which replaces "contract type") should be reported as the total of all of the months included in the work period (up to 12 months).

The Retirement System grants service credit for each month in which a member renders service and receives pay. ORBIT allows the Retirement System, for the first time, to record when a member works and receives pay and to grant the appropriate service credit. Under our previous legacy system, we incorrectly assumed that most K-12 school employees were 10-month contract employees and many community college and university employees were 9-month contract employees. Therefore, we previously asked you to report data in ORBIT based on our incorrect assumptions. We are now able to record the correct service based on the defined time period a member is expected to work and to record when a member renders service within this defined period.

Below are some examples of how to report “retirement service period” and “retirement service type:”

- For a year-round school employee who was formerly reported as a 10-month contract employee with a contract starting 6/2008 and ending 6/2009 who worked a schedule in which the member worked nine weeks on and three weeks off throughout the year, you would report the “retirement service period” as beginning 6/15/2008 and ending 6/14/2009 and the “retirement service type” as a 12-month employee.
- For an employee who was formerly reported as a 10-month contract employee with a contract starting 8/15/2008 and ending 6/14/2009, you would report the “retirement service period” as beginning 8/15/2008 and ending 6/14/2009 and the “retirement service type” as an 11-month employee.
- For an employee who was formerly reported as a 9-month contract employee with a contract starting 8/15/2008 and ending 6/14/2009 who was previously considered a 9-month employee rather than a 10-month employee since the employee was not required to work on school “work days,” you would report the “retirement service period” as beginning 8/15/2008 and ending 6/14/2009 and the “retirement service type” as an 11-month employee.
- For an employee who was formerly reported as an 11-month contract employee with a contract starting 7/2008 and ending 6/2009, you would report the “retirement service period” as beginning 7/15/2008 and ending 6/14/2009 and the “retirement service type” as a 12-month employee.

Please note that these ORBIT reporting changes will not affect the method used by the Retirement System for converting unused sick leave to grant additional service credit at the time of retirement for public school teachers. The Retirement System will continue our historical practice of granting additional service credits in 1/10ths for unused sick leave at the time of retirement in order to treat all teachers the same, regardless of whether the teacher has a traditional, modified, or year-round schedule.

Please remember that these changes are effective August 1, 2009, for your July 2009 ORBIT report. As always, we thank you for your important role and appreciate your dedication and assistance in helping us make these changes which enable us to provide active employees, retirees and employers with accurate information and enhanced service.

### **Retirement Systems Contact Information**

Employers with questions or in need of information should contact the NC Retirement Systems Division’s Employer Education and Services Unit at [EESU@nctreasurer.com](mailto:EESU@nctreasurer.com) or call (877) 807-3131 Option 2 (for outside Raleigh area) and 807-3131 Option 2 (Raleigh area only).

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*The Retirement Systems Division manages retirement benefits for more than 820,000 working and retired N.C. public employees. The North Carolina Retirement Systems are among an elite group of public pension plans that remain fully-funded and financially sound. With approximately \$60 billion in assets, the Systems comprise the 9<sup>th</sup> largest public pension plan in the United States.*