



HOUSE BILL 106: Revive High-Need Retired Teachers Program.

2025-2026 General Assembly

Committee:	House Pensions and Retirement. If favorable, re-refer to Appropriations. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	April 16, 2025
Introduced by:	Reps. Carver, Scott, Willis	Prepared by:	Stewart Sturkie
Analysis of:	Second Edition		Committee Co-Counsel

OVERVIEW: *House Bill 106 would allow retired teachers to return to work as high-need retired teachers. The bill would require the State Treasurer to obtain a private letter ruling from the Internal Revenue Service (IRS).*

BILL ANALYSIS:

Section 1 of the bill would:

- Allow a beneficiary of the Teachers' and State Employees Retirement System (TSERS) to work as a high-need retired teacher if they retired on or before May 1, 2025, and are reemployed by a public school unit to provide classroom instruction. Employment contracts for a high-need retired teacher would be on an annual basis.
- High-need retired teachers would be paid:
 - At the first step of the teacher salary schedule.
 - At the sixth step of the teacher salary schedule if they work in STEM or special education.
- Make technical changes.

Section 2 of the bill would:

- Prohibit the earnings a high-need retired teacher receives from being included in the computation of postretirement earnings.
- Prohibit the beneficiary from being restored to service as a teacher or employee.
- Require the Department of Public Instruction to certify to the Retirement System that a retiree is employed by a public school unit as a high-need retired teacher.
- Make technical and conforming changes.

Section 3 of the bill would:

- Exclude high-need retired teachers from the definition of "Employee".
- Change the definition of "Retirement" to clarify that a high-need retired teacher's retirement would not become effective until after they complete a two month separation period, during which they did not work for an employer.

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House Bill 106

Page 2

- Provide coverage of high-need retired teachers under the State Health Plan, on a partially contributory basis.

Section 4 of the bill would:

- Require the State Treasurer to seek a favorable private letter ruling from the IRS to determine that the bill would not jeopardize the status of TSERS.
- Repeal the act if the IRS declines to make a private letter ruling, does not issue a response by January 1, 2027, or makes an unfavorable determination. The State Treasurer would then be required to make certain notifications.
- Allow the Retirement Systems Division of the Department of State Treasurer to increase receipts from the retirement assets of TSERS or pay administrative costs directly from the retirement assets.
- Remove eligibility for a high-need retired teacher to elect into a position that would make them eligible to receive any additional benefits.
- Appropriate \$100,000 from the General Fund in nonrecurring funds for the 2025-2026 fiscal year to be used to obtain the private letter ruling.
- Appropriate \$10,000,000 from the General Fund in recurring funds for each year of the 2025-2027 fiscal biennium to address the increased cost to TSERS as a result of the bill.

EFFECTIVE DATE: This act would be effective when it becomes law and would expire June 30, 2029. G.S. 115C-302.4, as reenacted by this act would apply beginning with the 2025-2026 school year.

BACKGROUND: This bill would re-enact Session Law 2019-110, which allowed retired teachers to return to work in high-need schools without adversely affecting their retirement benefits. That law became active July 1, 2019, and expired on June 30, 2021.