Questions and Answers
Reemployment of Retired Teachers

1) Who is considered a Teacher?

The term teacher is defined by statute and includes teachers, permanent substitute teachers, principals, assistant principals, supervisors, assistant superintendents and superintendents, among other groups.

2) Are there limitations on my ability to receive a pension from TRB and be reemployed by a CT public school district?

Yes, Federal tax law requires that the employer (Superintendent’s action on behalf of the Board of Education) and the employee reemployed (retired teacher) follow certain rules in order to be reemployed. A teacher may be reemployed if they are 62 and retired, have normal retirement status under the system (20 years and age 60, or 35 years of credited service at any age; of which at least 25 are in the public schools of CT), or if the employment is considered to be a bona fide “arm’s length” employment.

3) What do the Federal Government rules require for reemployment?

Federal tax law prohibits Pension Plans from providing benefits to an employee who is under age 62 and has not retired or separated from employment, unless the employee has reached the plan’s normal retirement age. For someone who retires under the age of 62 and has not achieved normal retirement status under the system, the tax law requires that there be a bona fide separation in employment and that the individual not be rehired to perform the tasks of their previous employment. This is different from a member who is 62 years old or older. They may be reemployed (up to 45 percent or if covered by shortage or priority school district rules) and still collect a pension from TRB.

4) What are the penalties if the retirement is viewed as a Sham?
The IRS regulates pensions. Plans that permit retirees under the age of 62 to be rehired after a short absence are sham retirements. A determination by the IRS that any retirements are a sham exposes the plan to severe consequences, including the possible disqualification of the plan. If it is determined that you have engaged in a sham retirement (one where you leave a full time position and are reemployed by the same employer in a non-arms length transaction) the plan, the school district and you may be subject to fines, penalties and disqualification of the pension plans favored tax status. If the Superintendent or the School district fails to monitor eligibility for reemployment, both the Superintendent and the district may be subject to penalties, fines and similar sanctions under federal law.

5) If a teacher has not met the normal retirement provisions of TRB (20 years and age 60 or 35 years of credited service of which at least 25 are in the public schools of CT) and is below age 62 what must a teacher do to be eligible to work under the 45 percent rule.

There must be a true bona fide separation with no arrangement to return to the same job before leaving active employment (e.g. as a classroom teacher, as a certified school administrator etc.) to meet the IRS standards. To meet these IRS standards, a teacher must following certain requirements. First, they must have a break in service of at least six months in order to demonstrate that they are not engaging in a sham retirement (e.g. if a teacher retires in June, the minimum required break in service would provide for them to return to teaching (in the same district) in January). Second, there must not be an understanding, agreement or any other arrangement to return to work between the employer and the reemployed teacher. The mere changing of status from employee to a contractor will not satisfy this requirement. Third, for reemployed teachers the superintendent must attest for the absence of any plan, arrangement, understanding or agreement between the employer and the employee and compliance with the state and federal rules. Fourth, in the case of employment arrangements for the Superintendent, an Officer (Chair, Vice Chair, Secretary) of the Board of Education must provide the TRB with a certification to evidence the absence of any plan, arrangement, understanding or agreement between the employer and the employee (plan participant) and compliance with the state and federal rules.

6) What must I do if I am interested in being reemployed following my retirement?

The individual school districts hire teachers to meet their staffing needs. As part of the reemployment process the employer must submit a form and a copy of the agreement between you and the school district to the TRB explaining the nature of your reemployment and certifying that your reemployment is consistent with Federal and state law. Such form needs to be submitted 30 days in advance of reemployment, by September 30, 2016, for school year 2016/17. Failure to file the appropriate form and certification 30 days in advance of reemployment can result in the TRB suspending your pension and offsetting any earnings under reemployment against your pension.

7) May I be a substitute teacher and work for the school district after I retire?
Yes, a non-permanent substitute teacher is a separate class and you may leave teaching and become a substitute teacher immediately. As a substitute you may not work for more than 40 consecutive school days in the same assignment or you will be considered performing the tasks of a teacher and thus subject to both the State and Federal reemployment rules.

8) How can Connecticut retired teachers receiving a pension from the Teachers’ Retirement Board return to work in a teacher position for an entity that participates in TRB?

Subject to State and Federal rules, there are essentially three ways:

1. A retired teacher may return to work for two years in a priority school district (PSD) area or a subject shortage area (SSA) teaching assignment. Such teachers can work full time for an aggregate of up to two school years during their lifetime.
2. Under the 45 percent rule a retired teacher may return to teaching and earn up to 45 percent of the maximum salary for the job assignment.
3. One may elect to have their pension suspended and return to work full time. The pension would resume the month following retirement.

9) As a SSA or PSD teacher are there salary requirements that must be followed and what benefits must be offered?

The salary requirement is that you are paid at the salary rate based on your experience and credentials in the appropriate lane in the hiring school district. In addition, you would be eligible for all employee benefits provided to active teachers by that system. You would not, however, accrue additional pension benefits at TRB. In order to be reemployed as a subject shortage or priority school district teacher you must conform to the State and Federal rules for reemployment.

10) As a 45 percent rule teacher are there salary requirements that must be followed and what benefits must be offered?

The salary requirement is that you are paid at the salary rate based on your experience and credentials in the appropriate lane at the hiring school district. Your earnings are limited to 45 percent of the maximum salary at the highest step for the assignment. You are also entitled to health insurance benefits available to other teachers in the system which are ineligible for State of CT/ TRB financial support for your health benefits. Taking or not taking the health benefit plan cannot be a condition of reemployment.
11) If I am offered a 45 percent rule position with health benefits must I take the health benefits?

No, taking the health benefits are optional.

12) If I am a reemployed teacher may I take only part of the health benefit program (e.g. dental coverage)?

Yes, if the district offers active teachers the option to take only dental it must offer the same program to retirees.

13) If I have elected to have my pension suspended, so I can return to work full-time, what benefits may I receive?

By having your pension suspended you are allowed to receive all salary and benefits provided for under the applicable active teacher or administrator contract (if covered by a collective bargaining agreement) or by negotiation (for teachers not covered by collective bargaining agreements).

14) May I work under the 45 percent rule and as another type of reemployed teacher in the same school year?

No. A teacher may be reemployed under only one program. If you are a 45 percent rule teacher you may not be reemployed as a Connecticut Teacher under a different category.

15) What is meant by health benefit plan versus employee benefits?

Health benefit plan for purposes here includes: medical, prescription drugs, dental, vision hearing, supplemental medical expense, contributions to HSA programs, contributions to HRA programs, employee assistance programs and health reimbursement programs.

Employee benefits includes other qualified and nonqualified benefits such as disability insurance, life insurance, annuities, parking allowances, etc.

17) If I currently get health benefits from my last employing BOE may I keep that coverage?

Yes, but to have it paid for by the new reemploying district (assuming it is different) you must be in the plan they sponsor.
18) If I am a retired teacher from a different state (e.g. Rhode Island) do I fall under the Connecticut or Federal reemployment rules?

No, if you retire as a teacher in Rhode Island and are collecting a pension from there, it does not affect your ability to be hired as a teacher in Connecticut.

19) If I work in a Connecticut school district as a teacher and then after retirement work in another capacity not covered by TRB must I conform to the 45 percent rule.

No, there are different pension plans in towns and cities in which each school district exists. Many towns or cities have their own plans that cover noncertified employees. Thus one could be a teacher and then retire under TRB and then become a business manager without being affected by the 45 percent limitation. That is because the job is different and the pension program is different.

20) Does my pension accrue additional credited time if I suspend the benefits?

No, other than the potential accrual of cost of living adjustments earned while reemployed, your pension will not increase as a result of your reemployment.

21) Does the Attorney General ruling or the new legislation affect teacher or administrator’s reimbursement of business expenses?

No. If a member needs to expend funds for a necessary business expenses of the district as recognized by IRS regulations, that member is entitled to reimbursement. The AG’s opinion is related to items that are compensation such as annuities, car allowances in excess of IRS limits, meal allowances not for purposes of district business, cell phone allowances in excess of actual cost, etc. Travel, meals and other expenses allowed for necessary business uses of the district are not affected.

22) If a school district currently has a health benefit plan that does not provide for coverage of an individual that is less than full time must it amend the plan to allow for 45 percent rule teachers to be covered?

Yes, the legislature has determined and intended to allow 45 percent reemployed teachers to participate in the health benefit program of the active teachers. The employing school district will have to offer the program on the same proportionate cost basis as any other employee would be offered.

23) If a school district covers all individuals above .5 FTE as 100 percent covered (subject to employee cost share) would the district have to modify the program for 45 percent rule employees?
Yes, the program would have to be modified. In the case of full reimbursement for all .5 FTE the level would have to be dropped below that to accommodate 45 percent reemployed teachers.

24) How would the 45 percent rule for reemployed teachers be affected by a contract that provides for proportional coverage by a school system?

A number of school districts currently require that any active member who is over .5 FTE to have proportional coverage. Thus, in the case of a reemployed retired teacher, who is employed under the 45 percent rule, who participates in a plan that costs $20,000 with a 20 percent cost share, the employee and district cost would be:

Total cost = $20,000
Employer cost = employer cost percentage x percentage FTE x cost of the plan
Employer cost = .8 x .45 x $20,000 = $7,200
The employee would be responsible for remainder or $12,800.

The reemployed teacher may participate in the health benefit plan up to the proportionate share of the time that they are employed. For example, a 30 percent retiree may participate in the health insurance but the district may be responsible for a small share.

In the same situation described directly above but with a 30 percent reemployment the calculation would be:

Total cost = $20,000
Employer cost = .8 x .3 x $20,000 = $4,800
The teacher would be responsible for the remaining $15,200.

25) How will the health benefit plan be determined for teachers that are not subject to a union contract?

These individuals, often superintendents or assistant superintendents, may choose the health benefit plan as provided for in the administrator group labor agreements.

26) If I am offered a 45 percent rule position with the health benefit plan must I take the health benefit plan?

No, taking the health benefit plan is optional.
27) If I am a reemployed teacher may I take only part of the health benefit plan (e.g. dental coverage)?

Yes, if the district offers active teachers the option to take only dental it must offer the same option to retirees.

28) The June, 2015, Attorney General’s opinion on teacher reemployment provided for no additional benefits other than cash benefits while reemployed under the 45 percent rule. How is that affected by the 2016 legislation?

The new legislation still limits teachers receiving pensions to only cash compensation and (now) health insurance; other types of benefits and stipends are still prohibited.

29) May a retired teacher that is receiving the TRB Medicare supplement plan continue to receive that plan as a reemployed teacher?

Yes, given the operational difficulties of entering and leaving Medicare TRB has determined that all reemployed teachers will be eligible to continue participation in the TRB Medicare supplement plan at full cost. (Not simply the employee cost share).

30) What benefits are included in the TRB Medicare supplement plan?

The TRB Medicare supplement plan includes medical, prescription, dental, vision and hearing coverage in excess of Medicare.

31) How does the participation in the TRB health benefit program vary by type of reemployment?

It does not vary by type of reemployment.

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