

**HOUSE . . . . . No. 3733**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

**Sarah K. Peake (BY REQUEST)**

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act to provide for early retirement for classroom teachers.

PETITION OF:

NAME:

Alan Castellano

DISTRICT/ADDRESS:

P.O. Box 395  
North Eastham, MA 02652

# The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

## AN ACT TO PROVIDE FOR EARLY RETIREMENT FOR CLASSROOM TEACHERS.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 **SECTION 1. Definitions:**

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3 (a) "Contract" means any personal service agreement, not involving the sale of commodities,  
4 that cannot be performed within 60 days of for which the total compensation exceeds \$5,000.00  
5 dollars in any 12 month period. The term "contract" does not include any agreement obtained  
6 through a bidding process and which is for the furnishing of any commodity to a government  
7 agency.

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9 (b) "Government Agency" means the Commonwealth of Massachusetts, a constitutional branch  
10 or office of the state government, or any subdivision of state government, a county, a city or  
11 town in the state.

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13 (c) "Substitute Teacher" means a teacher, public school librarian, or any other person employed  
14 for counseling or instructional or administrative purposes in a public school in this state who is  
15 temporarily fulfilling the duties of an existing person employed in a specific position who is  
16 temporarily absent from the specific position.

17

18 (d) "Teacher" means a classroom teacher of grades kindergarten through twelve who has as their  
19 primary responsibility the academic instruction of students in a classroom for not less than 4

20 hours a day throughout the entire contract year. Their primary position must have been a  
21 classroom teacher for a minimum of 5 years prior to Teacher Early Retirement Incentive.

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23

24 **SECTION 2. IMPLEMENTATION**

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26 (a) This act, Teacher Early Retirement Incentive Program, shall begin on July 1, 2009 and  
27 remain in effect until August 31, 2012. Teachers who are eligible to participate in the program  
28 need approval of the School

29 District they are employed in.

30 (b) For a teacher to qualify for an incentive, their primary position must have been a classroom  
31 teacher for a minimum of 5 years prior to Teacher Early Retirement Incentive, they must have 25  
32 or more years of eligible and creditable service in the Massachusetts Teachers Retirement  
33 System, be age 53 or more and must terminate service on or before August 31,2012.

34 (c) Massachusetts Teachers Retirement Board is offering an incentive to teachers already  
35 eligible for retirement or with at least 25 years' of eligible and creditable service. Maintaining  
36 an actuarially sound retirement fund is essential and that the reemployment in any manner,  
37 including reemployment on a contract basis, by the state of any person who retired under this  
38 section is contrary to the intent of the early retirement program.

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40 (d) Certified teachers working less than full-time in the application year will have the incentive  
41 payment prorated according to their full-time equivalent (FTE) percentage.

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43 (e) A teacher can retire at any time in the school year subject to agreement with the school  
44 district. This can be some time other than after the school calendar ends and before the next  
45 school calendar begins.

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49 (f) Incentives shall be considered additional compensation flowing from the employment  
50 relationship and subject to federal and state tax laws. Incentives can be used to pay for previous  
51 eligible and creditable service and shall not be considered salary for purposes of the  
52 Massachusetts teachers retirement system.

53

54 (g) The decision to adopt the Teacher Early Retirement Incentive Program, is to be made by the  
55 governing body of the employer and does not require negotiations with bargaining units.

56

57 **SECTION 3. School district requirements**

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59 (a) For a government entity, such as a school district, to offer an early retirement incentive, it  
60 “must be experiencing teacher layoffs due to budget shortfalls or a reorganization that would be  
61 offset by offering the incentive.” This requirement may or may not be easy for school districts to  
62 meet.

63

64 (b) School districts shall provide a benefit worth one half of the salary savings, by the amount of  
65 retiring teacher salary minus the new hire, if any, and 50 per cent of the difference up to  
66 \$17,500.00 per teacher. Only public school districts in Massachusetts qualify for the incentive.

67

68 (c) Early retirement incentives are in addition to any retirement and severance benefits that have  
69 been offered generally to teachers within preceding years.

70

71 **SECTION 4. Teacher requirements**

72

73 (a) Each certificated classroom teacher is eligible for an early retirement incentive, provided  
74 they meet the following criteria:

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76 (1) Employed by a Massachusetts public school.

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78 (2) The teacher has completed a minimum of 25 or more years of eligible and creditable  
79 service in the Massachusetts Teachers Retirement System, which may include time spent  
80 on a sabbatical leave, in a Massachusetts public school district at the time of application.  
81 The amount of eligible and creditable service is measured on the actual date of  
82 retirement.

83

84 (c) The teacher is 53 or more years old before September 1 of the year the application is made.  
85 The age is measured on the actual date of retirement.

86

87 (d) The teacher is not eligible for disability retirement from the public employee retirement  
88 system of Massachusetts at the time of application.

89

90 (e) The teacher submits their application to the superintendent of a public school district and is  
91 approved.

92 (f) How the incentive can be used. The retirement incentive of \$17,500.00 or less may be  
93 used in the following ways:

94 (1)A health care savings plan administered by the school district Retirement System.

95 (2)Purchase of retirement service credit from the Massachusetts Teachers Retirement.

96 (3)Purchase of an annuity.

97 (4)Lump sum of cash after taxes.

98 (g) The amount money needed to use in the purchase of previous eligible and creditable  
99 service credit can be a substantial sum. A \$17,500.00 retirement incentive may only pay for part  
100 of a persons retirement buy back. The teacher would have to pick up the rest. The teacher may  
101 use money from any deferred compensation account, such as a 403(b) plan, to help purchase the  
102 service credit.

103 (h) Any member who participates in the retirement incentive program under the enactment of  
104 this section is not eligible to accept further employment or accept directly or indirectly work on a  
105 contract basis from a Massachusetts governmental entity until they have been retired for at least  
106 3 years, except as a substitute teacher.

107 **SECTION 4. FISCAL IMPACT**

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109 (a) The impact on the Public School budget normally comes from reduced compensation and  
110 benefits cost when a teacher retires. These savings are best realized when the teacher is not  
111 replaced after retirement. However some local districts may need to replace a teacher who opts  
112 for early retirement. When judging whether an early retirement should be accepted school  
113 districts should assess the potential costs and benefits of the early retirement and the cost/benefit  
114 analysis should be linked to the goals of the early retirement.

115

116 (b) The savings will reduce the budget by the amount of retiring teacher salary minus the new  
117 hire, if any, and 50 per cent of the difference up to \$17,500.00. This will depend on the pay and  
118 experience factor of the teacher, and how many choose early retirement in a given year.

119

120 (c) The impact on the General Fund is none.