



## Official State Social Security Administrator

### About the State Social Security Administrator Program Newsletter

The State Social Security Administrator Program Newsletter provides information about Social Security and Medicare coverage for state and local government employees.

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## State Social Security Administrator Program Newsletter

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### Form SSA-1945 – Jobs Not Covered by Social Security

Did you know that Social Security coverage for public employees is dependent on the benefits offered by their employer? There are several categories of coverage or non-coverage that an employer may fit into. For many state and local government employees there may not be a requirement to make Social Security contributions. As such, it is important for government employers to notify their employees of the potential impacts to their Social Security benefit (if they are eligible for one).

Section 419(c) of Public Law 108-203, the Social Security Protection Act of 2004, requires state and local government employers to provide Form SSA-1945 to new employees hired on or after January 1, 2005, in jobs not covered by Social Security.

Form SSA-1945 explains two provisions under Social Security law that could reduce benefits for workers who also receive a pension, based on their work in a position not covered by Social Security:

1. Windfall Elimination Provision (WEP): Can affect the amount of an employee's Social Security retirement or disability benefit.
2. Government Pension Offset (GPO): Can reduce a Social Security benefit received as a spouse or an ex-spouse. Both provisions reduce, and could even eliminate, whatever Social Security benefit a worker might be eligible for.

For newly hired employees in jobs not covered by Social Security, we highly recommend employers:

- Provide Form SSA-1945 to the employee *prior to the start of employment*
- Obtain the employee's signature on the form
- Maintain the original form in the employee's file

- Submit a copy of the signed form to the pension paying agency

For more information and to download a copy of [Form SSA-1945](#), visit the [Social Security Administration website](#).

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## **Absolute Coverage Section 218 Agreements For Rehired Annuitants**

The Social Security Administration recently updated the [Program Operations Manual System \(POMS\)](#) to provide clearer language regarding the tax withholding treatment for retirement system ineligible, and be more specific about rehired/retired annuitants.

When rehiring an annuitant, you'll need to determine whether they should contribute to Social Security and Medicare. All employees hired or rehired after April 1, 1986, are mandated to be contributing to Medicare; however, Social Security tax withholding is not as definitive.

To determine Social Security withholding for rehired annuitants, the first question to ask is "Does your agency have a Section 218 Agreement?" If the answer is "Yes," the next question is "Which type of Section 218 Agreement coverage groups does your agency have?" The type of coverage group will impact coverage for rehired annuitants.

There are two types of coverage groups: absolute and retirement system. For the purpose of this article, we'll focus on absolute coverage, sometimes referenced as 218(b)(5). Absolute agreements will automatically extend coverage to rehired annuitants, unless an optional exclusion applies.

This means if your agency has an absolute coverage Section 218 Agreement with no optional exclusions, any positions covered by this agreement would also extend to rehired annuitants. However, if your agency has an absolute coverage Section 218 Agreement with an optional exclusion for part-time positions working less than 1,000 hours per year, any rehired annuitants working less than 1,000 hours per year are not covered by the Section 218 Agreement and the rehired annuitant position is not covered for Social Security.

If you are not sure if your agency has a Section 218 Agreement, which type of an agreement you have, or would like assistance with determining withholding for a specific rehired annuitant, we are happy to assist you. Contact us by email at [sssa@calpers.ca.gov](mailto:sssa@calpers.ca.gov) or call (916) 795-0810.

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## **Upcoming Webinars**

Join us for an interactive presentation to learn more about the State

Administrator, Social Security, and Medicare. Register for a [webinar](#).

2020 Webinar Schedule	
Date	Topics
November 18, 2020	IRS Presentation: Top Audit Findings
December 16, 2020	Windfall Elimination Provision (WEP) & Government Pension Offset (GPO)

View a complete list of webinars on our [webpage](#).