

## Oregon State Social Security Administration

Karen Park  
Oregon State Social Security Coordinator  
503 603-7633

[karen.park@state.or.us](mailto:karen.park@state.or.us)

Pamella Johnson  
503 598-3533  
[Pamella.johnson@state.or.us](mailto:Pamella.johnson@state.or.us)

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## PERS & Social Security

- July 1, 1951
  - Oregon's Original 218 Agreement
- Federal requirements
  - Pass Enabling Legislation
    - ORS 237.410 – 237.515
    - <http://www.leg.state.or.us/ors/237.html>
  - Designate a State Administrator
    - PERS Board

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## Role and Function Basics of the State Administrator

- Agent of the Social Security Administration
- Primary Contact for your questions and issues
  - Entity Resource for coverage issues
- Coordinates with IRS, SSA and other state agencies
- Prepare, Administer and Maintain Agreements
- Bridge – Employer, IRS & SSA

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## IRS

- FSLG (Federal State and Local Government) Specialists
  - Lori Stieber
    - [lori.a.stieber@irs.gov](mailto:lori.a.stieber@irs.gov)
    - 503 587-3149
    - <http://www.irs.gov/qovt/fslq/index.html>

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## SSA

- ESLO (Employer Service Liaison Officers)
  - Tim Beard
    - [tim.beard@ssa.gov](mailto:tim.beard@ssa.gov)
    - 206 615-2125
- SLGE (State Local Government Employers)
  - <http://www.ssa.gov/slge/>

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## Methods of Coverage

- Section 218 (Voluntary)
  - 1-1-1951
  - Mandatory Exclusions
  - Optional Exclusions
- Section 210 (Mandatory)
  - 7-2-1991
  - Mandatory Exclusions

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## Coverage by a 218 Agreement

- Absolute (Section 218(b)(5))
  - Composed of positions not under a retirement system
- Retirement System (Section 218(d)(4))
  - Composed of positions under a retirement system

(The State decides which groups to cover and the effective date of coverage, subject to Federal and State laws)

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## Achieving Absolute Coverage

- Information packet sent to Employer by State Administrator – Questionnaire & Resolution sample included
- Resolution – Employer to State Administrator
- Application & Agreement – Employer to State Administrator
- Modification – State Administrator to SSA

The State does not need the consent of the affected employees to establish an absolute coverage group.

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## Achieving Retirement System Coverage

- Information packet sent to Employer by State Administrator – Questionnaire & Resolution sample included
- Resolution requesting coverage via the referenda process – Employer to State Administrator
- Notice of Referendum – State Administrator to Employer to Employee's
- Referendum – State Administrator
- Certificate of Referendum – State Administrator to SSA
- Application & Agreement – Employer to State Administrator
- Modification – State Administrator to SSA

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## 218 Exclusions

- **Mandatory**
  - Mandatory exclusions apply to voluntary Social Security coverage situations (coverage via a Section 218 Agreement) and should not be confused with the different set of exclusions that apply to mandatory Social Security and mandatory Medicare situations.
- **Optional**
  - When a State elects to extend Section 218 coverage to a coverage group, it has the option of excluding or covering certain services and positions. The State may take these optional exclusions for absolute and retirement system coverage groups. It may exercise these exclusions on a statewide basis or selectively by coverage groups.

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## 218 Mandatory

The following services are mandatorily excluded from Section 218 coverage:

- **Unemployment** - Services performed by individuals hired to be relieved from unemployment. (This does not include many programs financed from Federal funds where the primary purpose is to give the employee work experience or training).
- **Patient or Inmate** - Services performed in a hospital, home or other institution by a patient or inmate thereof as an employee of a state or local government employer.
- **Temporary Emergency** - Services performed by an employee on a temporary basis in case of fire, storm, snow, earthquake, flood or other similar emergency.
- **Transportation** - Transportation services covered under Section 210(k) of the Act (see [RS 30001.365](#)).
- **Visas** - Services that would be excluded if performed for a private employer because the work is not defined as employment under Section 210(a) of the Act (e.g., non-resident aliens with F-1, J-1, M-1, and Q-1 visas - (See [RS 01901.140](#))).

Mandatory exclusions apply to **voluntary** Social Security coverage situations (coverage via a Section 218 Agreement) and should **not** be confused with the different set of exclusions that applies to mandatory Social Security and mandatory Medicare situations.

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## 218 Optional made Mandatory by the State

The optional exclusions elected by the state for ALL employers include:

- Agricultural labor, but only those services that would be excluded if performed for a private employer;
- Election workers and election officials whose pay in a calendar year is less than the amount mandated by law, unless Section 218 agreement covers election workers;
- Positions compensated solely by fees that are subject to SECA (Self-Employment Contributions Act), unless Section 218 Agreement covers these services;
- Students enrolled and regularly attending classes at the school, college or university where they are working

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## 218 Optional to the Employer

The **Optional Exclusions** available to the political subdivisions entity by entity

- **Elective positions;**
  - All services in any class or classes of elective positions.
- **Part-time positions;**
  - All services performed by employees working in part-time positions on a retainer basis paid by regular stipend at least monthly.
- **Agricultural labor;**
  - but only those services that would be excluded if performed for a private employer

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## 210 Mandatory Exclusions

The following services are excluded from mandatory coverage.

- Services performed by individuals hired to be relieved from unemployment. (This does not include many programs financed from the Federal funds where the primary purpose is to give the employee work experience or training.)
- Services performed in a hospital, home or other institution by a patient or inmate thereof as an employee of a state or local government employer.
- Services performed by an employee on a temporary basis in case of fire, storm, snow, earthquake, flood or other similar emergency.
- Services performed by non-resident aliens with F-1, J-1, M-1 and Q-1 visas.
- Services in positions compensated solely by fees that are subject to SECA (Self-Employment Contributions Act), unless Section 218 Agreement covers these services.
- Services performed by a student enrolled and regularly attending classes at the school, college or university where they are working, unless Section 218 Agreement covers student services.
- Services performed by an election worker or official whose pay in a calendar year is less than the amount mandated by law, unless Section 218 agreement covers election workers. To find the coverage status of election workers for each State, click the Election Worker Coverage Chart ([http://www.ssa.gov/slgc/ElectionWorker\\_2005\\_Nov.doc](http://www.ssa.gov/slgc/ElectionWorker_2005_Nov.doc)).
- Services that would be excluded if performed for a private employer because it is not work defined as employment under Section 210(a) of the Social Security Act, unless Section 218 Agreement covers certain agricultural services.

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## Coverage Determination Basics

- Is the position or service covered for **Social Security and Medicare** under a **Section 218 Agreement**?
- Is the employee a **qualified member** of a **public retirement system**?
- Is employee covered by a **Section 218 Agreement** that provides **Medicare-only coverage** for employees hired prior to **April 1, 1986**?
- Does the **Medicare Continuing Employment Exception** apply?

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## Coverage Determination Basics

- **Is the position or service covered for Social Security and Medicare under a Section 218 Agreement?**
  - If the answer is "No," then go to the next question
  - If the answer is "Yes," then withhold Social Security and Medicare, unless Section 218 Mandatory and Optional Exclusions apply (see [SL 30001.356](#) and [SL 30001.357](#)).

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## Determining Coverage

- **Is the employee a qualified member of a public retirement system?**
  - If the answer is "No," then withhold mandatory Social Security and Medicare, unless an exclusion from mandatory Social Security and Medicare applies (see [SL 50001.560](#)).
  - If the answer is "Yes," then go to the next question.

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## Determining Coverage

- **Is employee covered by a Section 218 Agreement that provides Medicare-only coverage for employees hired prior to April 1, 1986?**
  - If the answer is "Yes," then withhold Medicare for that employee, unless Section 218 Mandatory and Optional Exclusions apply (see [SL 30001.356](#) and [SL 30001.357](#)).
  - If the answer is "No," then go to the next question.

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## Determining Coverage

- Does the Medicare Continuing Employment Exception apply?
  - If the answer is “Yes,” then do not withhold Social Security or Medicare (see [SL 50001.520](#)).
  - If the answer is “No,” then withhold Medicare only, unless there is an exclusion from mandatory Medicare (see [SL 50001.530](#)).

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## Determining Coverage

- **Caution:**
  - This information is meant as a guide only and is not a substitute for discussing difficult Section 218 coverage situations with your State Social Security Administrator or FICA taxation issues with your IRS FSLG Specialist.

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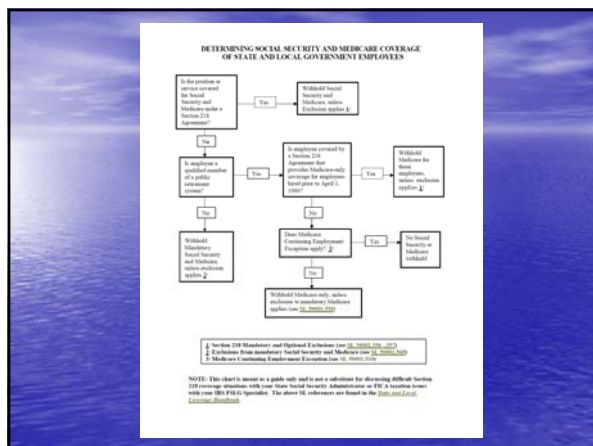
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## Resources

- SSA
  - [www.ssa.gov](http://www.ssa.gov)
    - [www.ssa.gov/slqe](http://www.ssa.gov/slqe)
- IRS
  - [www.irs.gov](http://www.irs.gov)
    - <http://www.irs.gov/govt/fslq/index.html>

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## Resources

- How States and Local Government Employees are Covered by Social Security and Medicare
  - Summary of 218
    - <http://www.ssa.gov/pubs/10051.html>
- Overview of Section 218 Agreements
  - <http://www.ssa.gov/slqe/overview.htm>
- Section 218 Agreements
  - [http://www.ssa.gov/slqe/sect\\_218\\_agree.htm](http://www.ssa.gov/slqe/sect_218_agree.htm)
- Section 218 Agreements
  - FAQ sheet - <http://www.ssa.gov/slqe/faqs.htm>

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## Resources

- Determining Social Security and Medicare Coverage of State and Local Government Employees
  - Flow chart used to determine coverage - [http://www.ssa.gov/slqe/faps\\_interest.htm](http://www.ssa.gov/slqe/faps_interest.htm)
- Mandatory Coverage information – fact sheets
  - Mandatory Medicare Coverage - [http://www.ssa.gov/slqe/mand\\_med\\_cov.htm](http://www.ssa.gov/slqe/mand_med_cov.htm)
  - Mandatory Social Security and Medicare Coverage - [http://www.ssa.gov/slqe/mand\\_ssandmed\\_cov.htm](http://www.ssa.gov/slqe/mand_ssandmed_cov.htm)
- If You Hire New Employees Not Covered By Social Security
  - Fact sheet - <http://www.ssa.gov/form1945/>
  - SSA form 1945 – to be used when hiring any employee that will not have Social Security coverage in your employment. For those employers with Section 218 coverage this will apply when hiring employees in positions excluded under Section 218, i.e. student employees, election workers, or any other excluded position.

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## Resources

- Windfall Elimination Provision (WEP) – fact sheet - <http://www.ssa.gov/pubs/10045.html>
- Government Pension Offset (GPO) – fact sheet - <http://www.ssa.gov/pubs/10007.html>
- Form SSA 1945 - If You Hire New Employees Not Covered by Social Security - <http://www.ssa.gov/form1945/>

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## Resources

- Election Officials and Election Workers – fact sheet - [http://www.ssa.gov/slqe/election\\_workers.htm](http://www.ssa.gov/slqe/election_workers.htm)
- Student Employees – fact sheet - [http://www.ssa.gov/slqe/student\\_coverage.htm](http://www.ssa.gov/slqe/student_coverage.htm)
- Rehired Annuitants – fact sheet - <http://www.ssa.gov/slqe/rehired.htm>
- New Hire vs. New Member of a Retirement System – fact sheet <http://www.ssa.gov/slqe/newhire.htm>
- Police Officers and Firefighters – fact sheet - [http://www.ssa.gov/slqe/pol\\_fire.htm](http://www.ssa.gov/slqe/pol_fire.htm)
- FICA Taxation of Volunteer Firefighters – fact sheet - <http://www.irs.gov/govt/fslq/article/0,,id=111350,00.html>  
<http://www.irs.gov/govt/fslq/article/0,,id=184221,00.html>

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## Resources

- Employment Coverage Thresholds <http://www.socialsecurity.gov/OACT/COLA/CovThresh.html>
- 2010 Social Security Changes <http://www.socialsecurity.gov/pressoffice/factsheets/colafacts2010.htm>
- Contribution and Benefit Base <http://www.socialsecurity.gov/OACT/COLA/cbb.html>
- Contribution and Benefit Base Calculation <http://www.socialsecurity.gov/OACT/COLA/cbbdet.html>
- Social Security & Medicare Tax Rates <http://www.socialsecurity.gov/OACT/ProgData/taxRates.html>

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