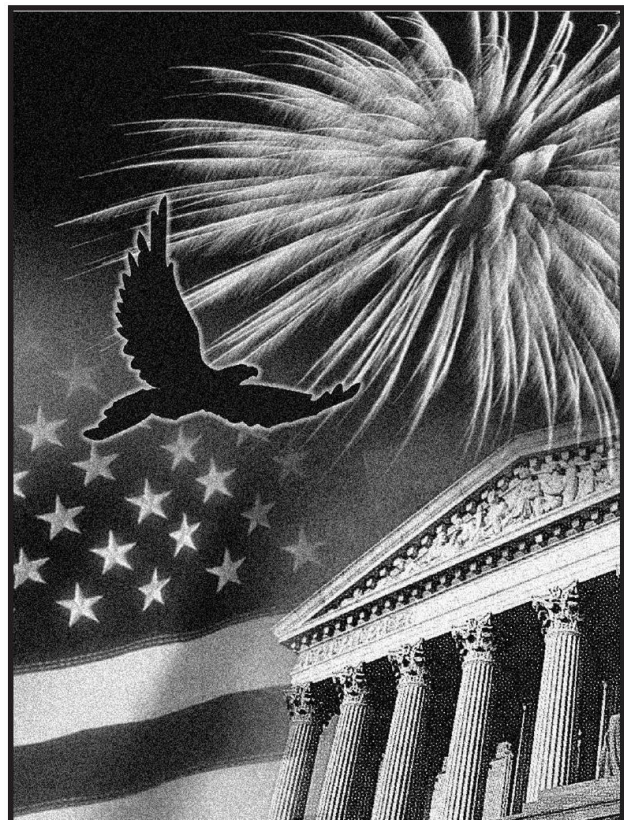


# Publication 963

(Rev. July 2020)

## Federal-State Reference Guide

Volume 4 of 6



Get forms and other information faster and easier at:

- [IRS.gov](https://www.irs.gov) (English)
- [IRS.gov/Korean](https://www.irs.gov/Korean) (한국어)
- [IRS.gov/Spanish](https://www.irs.gov/Spanish) (Español)
- [IRS.gov/Russian](https://www.irs.gov/Russian) (Русский)
- [IRS.gov/Chinese](https://www.irs.gov/Chinese) (中文)
- [IRS.gov/Vietnamese](https://www.irs.gov/Vietnamese) (Tiếng Việt)



Publication 963 (Rev 07 2020) Catalog Number 59247D  
Department of the Treasury **Internal Revenue Service** [www.irs.gov](https://www.irs.gov)



Visit the Accessibility  
Page on [IRS.gov](https://www.irs.gov)

This page intentionally left blank

**Example:** An individual holds two positions with the same political subdivision. The wages earned in one position are subject to Social Security and Medicare tax under a Section 218 Agreement; the other position is not covered. The Social Security system is not a retirement system for this purpose. Thus, mandatory Social Security coverage applies to service in the other (non-218) position unless the employee is a member of a public retirement system with respect to that position. See Treas. Reg. 31.3121(b)(7)-2(e)(1).

In general, there are two types of public retirement systems that may meet the minimum benefit requirement — the **defined contribution** plan and the **defined benefit** plan.

## **Defined Contribution Plan**

A defined contribution plan provides an individual account for each participant. The participants' benefits from this plan are based

solely on the amount contributed to their account and any income, expenses, gains or losses that may be allocated to their account. See IRC Section 414(i).

A defined contribution plan that satisfies the definition of a retirement system under Treas. Reg. 31.3121(b)(7)-2(e)(2)(iii) must provide for an allocation to the employee's account of **at least 7.5% of the employee's compensation during any period under consideration**. A variety of plan types could meet the requirement; for example, plans established under IRC Sections 401(a), 403(b) or 457. Contributions from both the employer and the employee may be used to make up the 7.5%. Matching contributions by the employer may be taken into account for this purpose. A plan with only employee contributions would also satisfy the minimum benefit requirement, provided the contributions constitute at least 7.5% of

compensation. However, the percent cannot include any earnings on the account.

## **Compensation**

For a defined contribution plan, the definition of “compensation” used to determine whether the benefit is sufficient must include at least the employee’s base pay, provided that the definition of “base pay” is reasonable. Thus, for example, a defined contribution retirement system may disregard overtime pay; bonuses or single-sum amounts received on account of death or separation from service; amounts received under a bona fide vacation, compensatory time or sick pay plan; or amounts received under severance pay plans. Any compensation in excess of the Social Security contribution wage base for that year (\$132,900 in 2019 and \$137,700 in 2020) may also be disregarded for this purpose.

**Example:** A political subdivision maintains an elective defined contribution plan that is a retirement system within the meaning of IRS

regulations. The plan is on a calendar year. An employee contributes to the plan at a rate of 7.5% of base pay. Assume that the employee's compensation will reach the Social Security maximum contribution base in October. The employee is a qualified participant in the plan for the entire plan year, even if the employee ceases to contribute to the plan after reaching the maximum contribution base. See Treas. Reg. 31.3121(b)(7)-2(e)(2)(iii)(B).

Generally, for an employee who holds more than one position with the same employer, all compensation with that employer is considered in applying the 7.5% test.

However, at the employer's option, compensation from only one position may be considered, if that position is not parttime, temporary or seasonal. See Treas. Reg. 31.3121(b)(7)-2(c)(2)(iv).

## **Reasonable Interest Rate Requirement**

Generally, a defined contribution retirement system must credit the employee's account with earnings at a reasonable rate, under all the facts and circumstances. Alternatively, employees' accounts may be held in a separate trust subject to general fiduciary standards and credited with actual earnings of the trust fund. Whether the interest rate is reasonable is determined after reducing the rate to adjust for the payment of any administrative expenses. See Treas. Reg. 31.3121(b) (7)-2(e)(2)(iii)(C).

## **Defined Benefit Plan**

For purposes of determining whether it qualifies as a public retirement system, a defined benefit plan is any plan other than a defined contribution plan, including a hybrid plan. A defined benefit plan (including a hybrid plan) requires the use of an actuary to calculate benefits based on a formula,

generally based on age, years of service and salary level.

A defined benefit retirement system that qualifies as an alternative to Social Security provides for a retirement benefit to the employee that is comparable to the benefit provided by the Social Security part of FICA. Generally, a plan meets the requirement if the benefit under the system is **at least 1.5% of average compensation during an employee's last three years of employment, multiplied by the employee's number of years of service.**

Apply the formulas in Revenue

Procedure 91-40 and the IRS regulations to determine whether a defined benefit retirement system meets this requirement.

### **Who Is a Qualified Participant?**

For an employee to be excluded from mandatory Social Security coverage, the employing entity must maintain a retirement



system within the meaning of IRC Section 3121(b)(7)(F) and the employee must be a qualified participant in that system, as defined in IRC Section 3121(b)(7)(F) and Treas. Reg. 31.3121(b)(7)-2(d). This test must be applied to each employee separately. An entity may maintain a retirement system in which not every employee is a qualified participant. For both a defined contribution plan and a defined benefit plan, the determination of whether an individual is a qualified participant is made as services are performed; however, there are different tests to determine participation.

### **Qualified Participant in a Defined Contribution Retirement System**

An employee is a qualified participant in a defined contribution retirement system with respect to services performed on a given day if, **on that day**, the employee has satisfied all conditions (other than vesting) for receiving an allocation to their account (exclusive of

earnings) that meets the minimum retirement benefit requirement. The benefit must be calculated on compensation during a period ending on that day and beginning on or after the beginning of the plan year of the retirement system. This is the case regardless of whether the allocations were made or accrued before the effective date of IRC Section 3121(b)(7)(F).

**Example 1:** A state-owned hospital maintains a nonelective defined contribution plan. Under the terms of the plan, employees must be employed on the last day of a plan year to receive any allocation for the year. Employees may not be treated as qualified participants in the plan before the last day of the year.

**Example 2:** The situation is the same as in Example 1, except that under the terms of the plan, an employee who terminates service before the end of a plan year receives a pro rata portion of the allocation they would have received at the end of the year, that is based

on compensation earned since the beginning of the year. If the pro rata allocation available on a given day would meet the minimum retirement benefit requirement with respect to compensation from the beginning of the plan year through that day (or some later day), the employee is treated as a qualified participant in the plan on that day.

**Example 3:** A political subdivision maintains an elective defined contribution plan. The plan operates on a calendar year. It has two open seasons—in December and June—when employees can change their contribution elections. In December, an employee elects not to contribute to the plan. In June, the employee elects (beginning July 1) to contribute a uniform percentage of compensation for each pay period to the plan for the remainder of the plan year. The employee is not a qualified participant in the plan during the period January-June, because no allocations are made to the employee's

account during that time. If the level of contributions during the period of July-December meets the minimum retirement benefit requirement with respect to compensation during that period, the employee is treated as a qualified participant during that period.

**Example 4:** Assume the same facts as in Example 3, except the plan allows participants to cancel their elections in cases of economic hardship. In October, the employee suffers an economic hardship and cancels the election, effective November 1. If the contributions during the period July-October are high enough to meet the minimum retirement benefit requirement with respect to compensation during that period, the employee is treated as a qualified participant during that period. In addition, if the contributions during the period July-October are high enough to meet the requirements for the entire period July-

December, the employee is treated as a qualified participant in the plan throughout the period July-December, even though no allocations are made to the employee's account in the last two months of the year. There is no requirement that the period used to determine whether an employee is a qualified participant on a given day remain the same from day to day, as long as the period begins on or after the beginning of the plan year and ends on the date the determination is being made. See Treas. Reg. 31.3121(b)(7)-2(d)(1)(ii).

### **Qualified Participant in a Defined Benefit Retirement System**

An employee is a qualified participant in a defined benefit retirement system with respect to services performed on a given day if on that day:

- The employee is (or ever has been) an actual participant in the retirement system, and

- The employee actually has a total accrued benefit that meets the minimum retirement benefit requirement.

An employee may not be treated as an actual participant or as actually having an accrued benefit for this purpose to the extent that the participation or benefit is subject to any conditions (other than vesting) that have not been satisfied. The disqualifying conditions might include a requirement that the employee attain a minimum age, perform a minimum period of service, make an election to participate or be present at the end of the plan year to be credited with an accrual.

**Example:** A political subdivision maintains a defined benefit plan. Under the terms of the plan, service during a plan year is not credited for accrual purposes unless a participant has at least 1,000 hours of service during the year. For purposes of determining whether mandatory Social Security coverage applies, benefits that accrue only upon

satisfaction of this 1,000-hour requirement may not be taken into account in determining whether an employee is a qualified participant in the plan before the 1,000-hour requirement is satisfied. See Treas. Reg. 31.3121(b)(7)-2(d)(1)(i).

### **Part-Time, Seasonal, Temporary Employees**

Special rules apply to part-time, seasonal and temporary employees for purposes of determining whether they are qualified participants in a public retirement system. To be exempt from mandatory Social Security coverage, these employees must not only be qualified participants; they must be fully vested in their benefits. This means the benefits cannot be forfeited. If a part-time, seasonal or temporary employee (as defined below) is not a qualified participant in a public retirement system with benefits fully vested from the first day of employment, that employee is subject to mandatory Social

Security and Medicare tax until the employee becomes fully vested.

The special vesting requirement is considered to be met if a part-time, seasonal or temporary employee in a defined contribution plan has the right to receive a single sum payment of at least 7.5% of the compensation the employee earned while covered under the retirement system (plus interest) when the employee separates from employment.

## **Part-Time Employees**

For purposes of applying the qualified participant test, part-time employees are those who normally work 20 hours or less per week. (This definition of “part-time” should not be confused with a definition of “part-time” that may be used for a Section 218 Agreement.) If mandatory coverage applies, part-time positions cannot be excluded; but part-time positions may be excluded from coverage under a Section 218 Agreement, at



the option of the state. Contact the State Social Security Administrator to determine the definition of part-time positions under the state's Section 218 Agreement.

A special rule provides that a teacher employed by a post-secondary educational institution (a community or junior college, post-secondary vocational school, college, university or graduate school) is not considered part-time if the teacher normally teaches classroom hours of one-half or more of the number of classroom hours normally considered to be fulltime employment.

**Example:** A community college treats a teacher as a full-time employee if the teacher is assigned to work 15 classroom hours per week. A new teacher is assigned to work eight classroom hours per week. Because the assigned classroom hours of the teacher are at least one-half of the hours designated by the school as constituting full-time employment, the teacher is not a part-time

employee. See Treas. Reg. 1.3121(b)(7)-2(d)(2)(iii)(A).

## **Seasonal Employees**

For purposes of applying the qualified participant test, a seasonal employee is any employee who normally works full-time less than five months a year. Thus, for example, individuals who are hired by a political subdivision during the tax return season to process incoming returns and work full-time over a three-month period are seasonal employees. See Treas. Reg. 31.3121(b)(7)-2(d)(2)(iii)(B).

## **Temporary Employees**

For purposes of applying the qualified participant test, a temporary employee is one who performs services under a contractual arrangement that is expected to last two years or less. Under this rule, a teacher under an annual contract may or may not be a temporary employee. Possible contract

extensions must be considered in determining the duration of a contractual arrangement if there is a significant likelihood that the employee's contract will be extended.

Contract extensions are considered likely to occur if, on average, 80% of similarly situated employees have had bona fide offers to renew their contracts in the immediately preceding two academic or calendar years. Contract extensions are also considered significantly likely to occur if the employee has a history of contract extensions in the current position.

See Treas. Reg. 31.3121(b)(7)-2(d)(2)(iii)(C).

## **Individuals Employed in More Than One Position**

If an employee is not covered by a Section 218 Agreement but is a member of a retirement system for one full-time position, the employee is generally treated as a member of a retirement system for any other position with the same employer.

**Example:** An individual is employed full-time by a county and is a qualified participant in its retirement plan. In addition to this full-time employment, the individual is employed part-time in another position with the same county. The part-time position is not covered by the county retirement plan. Nevertheless, if the individual is a qualified participant in the retirement plan for the full-time position, the part-time position is excluded from mandatory Social Security coverage. See Treas. Reg. 31.3121(b)(7)-2(c)(2).

This rule does not apply to employment by two different employers.

**Example:** An individual is employed full-time by a state and is a member of its retirement plan and is also employed part-time by a city located in the state, but does not participate in the city's retirement plan. The services of the individual for the city are not excluded from mandatory Social Security coverage, because the determination of whether

services constitute employment for such purposes is made separately for each political subdivision for which services are performed. See Treas. Reg. 31.3121(b)(7)-2(c)(2).

Whether an employee is part-time, seasonal or temporary is generally determined on the basis of service in each position in which allocations or benefits were earned. This determination generally does not take into account service in other positions with the same or different public employers. However, all an employee's service in other positions with the same or different employers may be taken into account to determine whether an employee is a part-time, seasonal or temporary employee with respect to benefits under the retirement system provided that:

- The employee's service in the other positions is or was covered by the same retirement system;
- All service aggregated for purposes of determining whether an employee is a

part-time, seasonal or temporary employee (and related compensation) is aggregated under the system for all purposes in determining benefits (including vesting); and

- The employee is treated at least as favorably as a full-time employee under the retirement system for benefit accrual purposes.

**Example:** Assume an employee works 15 hours per week for a county and 10 hours per week for a municipality, and both these employers contribute to the same statewide public employee retirement system. Assume further that the employee's service in both positions is aggregated under the system for all purposes in determining benefits (including vesting). If the employee is covered under the retirement system with respect to both positions and is treated for benefit accrual purposes at least as favorably as full-time employees, then the employee is not

considered a part-time employee of either employer. The requirement of being fully vested for determining the applicability of mandatory Social Security coverage does not apply. See Treas. Reg. 31.3121(b)(7)-2(d)(2)(iii)(D).

### **Alternative Lookback Rule**

Under an alternative lookback rule, an employee may be treated as a qualified participant in a retirement system throughout a calendar year if the employee was a qualified participant in the system at the end of the plan year of the system ending in the preceding calendar year.

**Example:** An employee is a qualified participant in a retirement plan of a city on the last day of the plan year, May 31, 2018. If the alternative lookback rule is used, no liability for Social Security tax exists for the employee for calendar year 2019. See Treas. Reg. 31.3121(b)(7)-2(d)(3).

For the first year of participation, an employee who participates in the retirement system may be treated as a qualified participant during the year only if it's reasonable to believe that the employee will be a qualified participant on the last day of the plan year.

## **Former Participants**

In general, the rules on qualified participants apply to former participants who continue to perform services for the employer or who return after a break in service.

Thus, for example, a former employee, with a deferred benefit under a defined benefit retirement system, who is reemployed by the same employer but does not resume participation in the retirement system, may continue to be a qualified participant in the system after becoming re-employed if the individual's total accrued benefit under the system meets the minimum retirement benefit requirement (taking into account all



periods of service, including current service). If this is so, the employer is not required to withhold and pay Social Security tax, or make additional payments to the retirement system on his behalf. The individual's status as a qualified participant must be continually re-evaluated, however, for employment of more than a short period. (Treas. Reg. 31.3121(b)(7)-2(d)(4)(i)).

## **Rehired Annuitants**

A rehired annuitant is a retiree who is rehired by their employer or another employer that participates in the same retirement system as the former employer. A rehired annuitant is either receiving a retirement benefit from that retirement system, or has reached retirement age under the retirement system.

Rehired annuitants are excluded from mandatory Social Security coverage.

**Example:** A teacher retires from service with a school district that participated in a statewide teachers' retirement system and did not have a Section 218 Agreement. The teacher begins to receive benefits from the system and later becomes a substitute teacher in another school district that participates in the same statewide system. The employee is treated as a rehired annuitant and is not subject to mandatory Social Security tax, but is subject to Medicare tax. See Treas. Reg. 31.3121(b)(7)-2(d)(4)(ii).

However, if an employee is rehired to perform services in a state or local government position that is covered for Social Security under a Section 218 Agreement, services in that position are covered for Social Security. If an individual returns to work for an employer under mandatory coverage, the employment is subject to the mandatory coverage.

**Note:** Retirees rehired after March 31, 1986, are subject to the Medicare tax regardless of whether they qualify as rehired annuitants for Social Security purposes.

## **Frequently Asked Questions**

### **1. What is a “public retirement system” for purposes of the mandatory coverage rules?**

A “public retirement system” (sometimes referred to as a “FICA replacement plan” or simply as a “retirement system”) is a pension or other retirement plan maintained by a public employer that meets the requirements of IRC Section 3121(b)(7)(F). See Revenue Procedure 91-40 and Treas. Reg.

31.3121(b)(7)-2. These requirements must be met for a retirement system to be used as an alternative to mandatory Social Security coverage. A retirement system may be a pension, annuity, retirement or similar fund or system established by a state or political

subdivision. The system need not be created by the legislature of the state, nor does it have to be a plan under which the benefits are guaranteed by the state constitution. A retirement system can include a group annuity policy purchased by the state or political subdivision from a private insurance company. Whether a system qualifies as a “public retirement system” does not depend on whether it meets the requirements to be a qualified plan under the ERISA. [IRS]

## **2. What does it mean to be a qualified participant in a retirement system?**

To be a qualified participant, a member must actually participate in the system. An employee who is eligible for an optional system, but decides not to participate, will be subject to mandatory Social

Security tax. Under an alternate rule, an employer is entitled to treat an employee as a qualified

participant for the entire year if they were a qualified participant in the retirement system on the last day of the plan year ending in the previous calendar year. [IRS]

**3. How are part-time, seasonal and temporary workers defined for purposes of determining whether they are qualified participants in a public retirement system under IRC Section 3121(b)(7)(F)?**

A part-time employee normally works 20 hours or less per week. A seasonal employee may work full-time, but for less than five months a year. In the case of teachers above the high-school level, part-time is defined as less than one-half the classroom hours designated as full-time by the school.

A temporary employee performs services under a contractual arrangement of two years or less. Possible contract extensions must be considered in determining the duration of a contractual arrangement if there is a

significant likelihood that the employee's contract will be extended. Future contract extensions are considered likely if (1) on average 80% of similarly situated employees have had bona fide offers to renew their contracts in the immediately preceding two academic or calendar years or (2) the contract history of an employee indicates that the employee is not a temporary employee. [IRS]

**4. Are there special vesting rules for part-time, seasonal and temporary workers?**

For part-time, seasonal and temporary employees to be qualified participants in an employersponsored retirement plan, they must be immediately and fully (100%) vested in the plan. The vesting requirement for a defined contribution plan is met if an employee has a nonforfeitable right to receive a payment equal to 7.5% of the compensation the employee earned while

participating in the system plus a reasonable rate of interest. [IRS]

**5. If a local government participates in a statewide retirement system, is the plan considered “established” by the employer?**

Yes. The fact that each local government is a separate employer for tax purposes is irrelevant. Even though the plan is not maintained by the local government, it is offered through that entity as an employer and is considered established by the employer. [IRS]

**6. For new employees entering a retirement system, is there any waiting period for coverage during which mandatory Social Security and Medicare taxes do not have to be paid?**

If a full-time employee can be enrolled in the plan by the first day of the first full calendar month of service, Social Security and Medicare taxes do not have to be paid during the partial month in which they begin work. This rule does not apply to part-time, seasonal and temporary employees. [IRS]

**7. Is a retirement system that does not cover all employees a “retirement system” within the meaning of Treas. Reg. 31.3121(b)7-2?**

A retirement system is not required to cover all employees; it may be a retirement system for some employees and not for others. The coverage determination is made separately for each individual. [IRS]

**8. A teacher who is a participant in a retirement system during the academic year also works a few hours per week in the summer in the school library. The library job is not covered by a Section 218**



**Agreement or by the public retirement system because it does not fall during the normal 10-month school year. Are the wages for the summer job subject to Social Security and Medicare taxes?**

The wages are not subject to Social Security taxes because the teacher is a qualified participant in the public retirement system with respect to their full-time job. A teacher who is expected to be employed on a continuing basis qualifies for treatment as employed simultaneously in multiple positions with the same entity. Consequently, the determination may be made solely by reference to service in the teacher's full-time position. The Medicare tax applies, unless the employee was hired prior to April 1, 1986, and qualifies for the continuing employment exception. [IRS]

**9. A teacher retires from a school district, starts collecting a pension under the state retirement system, and returns to work for the same school district as a bus driver. The bus driving position is not covered by a Section 218 Agreement and is not covered by the state retirement system. Is the employee subject to mandatory Social Security tax on the wages as a bus driver?**

No. The employee is a rehired annuitant. He is deemed to be a qualified participant in the retirement system without regard to whether he continues to accrue a benefit. He is subject to Medicare tax because the continuing employment exception cannot apply since the original employment relationship terminated at retirement. [IRS]

# Chapter 7

## **Social Security Administration**

This chapter discusses the functions of the Social Security Administration that relate to employer tax and information reporting responsibilities.

SSA is the primary income security agency for Americans. It administers the federal Old-Age, Survivors and Disability

Insurance (OASDI) program, the largest income-maintenance program in the United States. The Supplemental Security Income (SSI) program provides monthly benefits designed to replace, in part, the loss of income due to retirement, disability or death. The SSI program provides or supplements the income of aged, blind or disabled individuals with limited income and resources. Children, as well as adults, can receive payments because of disability or blindness.

## **Organization**

SSA's organization features centralized management in Baltimore, Maryland, and a nationwide network of 10 regional offices overseeing approximately 1,230 field offices (FOs), 162 hearing offices, 35 teleservice centers, 6 processing centers and a national data operations center in Wilkes-Barre, Pennsylvania.

All components within SSA's central office perform a supporting role to SSA FOs by providing direction, guidance and material resources. FOs are located in cities and rural communities across the nation and are the agency's main personal point of contact with beneficiaries and the public. Additionally, the Social Security Disability Insurance (SSDI) program depends on the work of 54 offices of Disability Determination Services in all 50 states, the District of Columbia, Guam and Puerto Rico.

For questions about Social Security coverage for specific workers or groups of workers, public employers should first consult the State Social Security Administrator for the state. Public employers who have questions about electronic filing or other SSA reporting processes or reporting applications, should contact the appropriate Employer Services Liaison Officer (ESLO) listed at the [SSA ESLO webpage](#). Direct questions about employer or employee tax liability to the IRS. Direct inquiries about state and local coverage issues to the [SSA State and Local Coverage Specialist](#) for your state or territory.

## **Regional Office**

Regional office staff works under the direction of the Regional Commissioner. The regional office provides leadership and technical direction in the coverage area for the state and local program within the region, consistent with established policy. Within the regional office structure is the Assistant

Regional Commissioner, who has ongoing responsibility for state and local coverage activities within the region. The regional office:

- Interprets, reviews, processes and executes Section 218 Agreements and modifications;
- Reviews supporting documentation to state notices to remove legally dissolved entities from coverage under Section 218 Agreements;
- Makes and reviews coverage and wage determinations consistent with established policy;
- Provides guidance and advice to states on proposed legislation and regulations that may have impact on the state's Section 218 Agreement;
- Interprets and advises states on established policies and procedures;

- Refers to central office questions for which no policy has been established, or for which present policy may require a change that may have national impact;
- Maintains files of original agreements and modifications;
- Maintains the summaries of state agreements; and
- Handles inquiries and answers questions about electronic filing and paper reporting of wages.

## **Office of Income Security Programs**

The Office of Income Security Programs is primarily responsible for administering the state and local coverage program.

Organizationally, the office is located under the Deputy Commissioner, Retirement and Disability Policy.

## **Social Security Earnings Records**

The Social Security number (SSN) is used for posting and maintaining the earnings and employment records of persons covered under the Social Security program. Employers withhold Social Security and Medicare taxes from employee paychecks and, with the employer tax, deposit these amounts or pay them with the tax return. (See Chapter 3 for information on reporting and deposit rules.) By the end of January employers file wage reports with the SSA showing the wages paid to each employee during the preceding year. SSA shares this information with the IRS. SSA also sends weekly updates to IRS with information on newly established SSN records and corrected information for previously established SSN records. Reported earnings are posted to the worker's earnings record.

When a worker or a worker's family member applies for Social Security benefits, the worker's earnings record is used to determine



the eligibility for benefits and the amount of any cash benefits payable. It is critical that employers maintain accurate, up-to-date SSN information on their employees to make sure each employee's earnings are correctly posted to that employee's earnings record.

Under the Federal Insurance Contributions Act, Social Security and Medicare benefits are financed through taxes paid by employees and their employers. The Social Security and Medicare tax rates are set by law. The tax rate on wages for the OASDI program applies to earnings up to an annual maximum amount. This amount, called the earnings base, is adjusted annually based on changes in average wages. Medicare Hospital Insurance taxes are paid on total earnings; there is no wage base limit for Medicare tax. The Supplementary Medical Insurance part of Medicare is financed by monthly premiums charged to beneficiaries and by payments from general federal revenues.

## **Earning Credits**

Individuals become eligible for Social Security benefits and Medicare hospital insurance based on credits for work covered by Social Security and/or Medicare. In 2019, one credit is earned for each quarter with \$1,360 in earnings, for up to four quarters per year, adjusted yearly to reflect average wage increases. In 2020 the earnings credit amount increased to \$1,410.

Credits earned remain on the worker's Social Security earnings record, regardless of periods of no earnings. The number of credits an individual needs to be eligible for Social Security and Medicare benefits depends on age and the type of benefit. Most people need 40 credits (10 years of work) to qualify for benefits. Younger people need fewer credits to be eligible for disability benefits, or for their family members to be eligible for survivors' benefits in case of death.

Beginning in 1957, basic pay earned from active military duty or training in military service may earn Social Security credits. In addition, military service before 1957 may qualify a person for additional earnings credits. A determination of these additional credits is made at the time a person applies for benefits.

State and local government employees covered for Medicare-only must earn the same number of credits to qualify for Medicare as required for Social Security benefits.

If a question arises concerning the employment relationship of a worker for claims purposes, SSA determines whether there was a common-law employer-employee relationship for the purpose of determining the benefits of the claimant.

## **Retirement Income**

Full Social Security retirement benefits are payable to individuals with 40 credits (10 years of work) at full retirement age (FRA). An individual can elect Social Security retirement benefits as early as age 62, but in that case, the individual's monthly benefit is reduced by an established percentage. In 2003, FRA began to increase in gradual steps from age 65 to 67. This provision affects people born in 1938 and later.

If an individual receives Social Security benefits before reaching FRA, benefits are further reduced if the individual continues to work and earn more than an annual exempt amount. The [annual exempt amount](#) changes each year. A worker can earn up to that amount and not experience any additional reduction of Social Security benefits. If the worker is under FRA and earns over the exempt amount, the benefits will be reduced \$1 for every \$2 in earnings above the exempt

amount. In the year the individual reaches FRA, benefits will be reduced \$1 for every \$3 in earnings above the exempt amount.

A spouse or former spouse may qualify for benefits upon a worker's retirement or disability. Benefits are paid as early as age 62, or at any age if the spouse is caring for the worker's child. In this case the child must be under 16 or disabled and receive benefits on the worker's record. A spouse's benefits will be one-half or less of FRA monthly benefit.

Benefits for divorced spouses age 62 or older may be payable if the insured former spouse is eligible for retirement benefits, even though not yet retired. Unmarried children under the age of 18 (under 19 if in high school) or any age if disabled before age 22 may qualify for Social Security benefits on a retired or disabled parent's Social Security record.

**Note:** Although the full retirement age for Social Security may vary, Medicare eligibility is age 65 for everyone. Eligibility for Medicare is based on benefits as a retired worker, as a spouse of a retired or disabled worker, or as a spouse of a deceased worker. The individual qualifies even if the individual is not receiving monthly Social Security retirement benefits because the individual or the individual's spouse continues to work.

Special rules apply to uninsured persons who are at least 65 but who are not eligible for Medicare under the regular rules. See Chapter 5.

The table below indicates earnings requirements and exempt amounts for recent years.

	2016	2017	2018	2019	2020
Earnings required for one credit	\$1,260	\$1,300	\$1,320	\$1,360	\$1,410
Exempt annual amount - under full retirement age	\$15,720	\$16,920	\$17,040	\$17,640	\$18,240
Exempt amount - year attaining normal/full retirement age	\$41,880	\$44,880	\$45,360	\$46,920	\$48,600
Full retirement age or older	No limits effective January 2000				

This page intentionally left blank



## **Effect on Benefits from Work Not Covered by Social Security**

There are two situations in which receipt of a pension based on employment not covered by Social Security will affect the amount of a Social Security benefit. Employees who participated in a public retirement system and also have a Social Security benefit based on another retirement system should be aware of these provisions.

The ***Windfall Elimination Provision (WEP)*** affects the way the Social Security retirement or disability benefit is computed for some individuals with non-covered employment.

The ***Government Pension Offset (GPO)*** affects the amount of the Social Security benefit received by a spouse or widow(er).

### **Windfall Elimination Provision**

The WEP affects some individuals who receive a monthly pension based in whole or in part on work not covered by Social Security. The

weighting in the Social Security benefit formula is intended to help people who spend most of their working lives in low-paying jobs by providing them with a benefit that is higher in relation to their prior earnings than the benefit provided for workers with high career earnings. Before 1983, people who worked mainly in jobs not covered by Social Security had their benefits calculated as if they were long-term, low-wage workers.

Therefore, prior to the WEP, the benefit formula created an unintended advantage for workers who had pensions from non-covered employment in addition to Social Security coverage. It benefited people who worked for only a portion of their careers in jobs covered by Social Security but had their benefits computed as if they were long-term, low-wage workers. WEP was enacted to eliminate this unintended advantage by providing for a different, less heavily weighted benefit

formula for persons who receive a pension based on non-covered employment.

If you receive a pension based on work not covered by Social Security, your Social Security retirement or disability benefit is computed using a modified benefit formula. The resulting benefit amount is lower than you would receive if you did not also receive a pension based on non-covered employment.

The modified formula applies to those who reach age 62 or become disabled after 1985 and first become eligible after 1985 for a monthly pension based in whole or in part on work not covered by Social Security. You are considered eligible to receive a pension if you meet the requirements of the pension, even if you continue to work.

Workers with relatively low pensions are less affected by the law because the reduction in the Social Security benefit cannot be more than one-half of that part of the pension

attributable to earnings not covered by Social Security.

The WEP does not apply to:

- A federal worker performing service on January 1, 1984, who becomes newly covered under Social Security on January 1, 1984, under the mandatory coverage provision in PL 98-21;
- An employee of a non-profit organization who is exempt from Social Security coverage on December 31, 1983, and who becomes covered for the first time as an employee of that organization on January 1, 1984, under the mandatory coverage provision of PL 98-21;
- Pensions based on earnings under the Railroad Retirement Act;
- Pensions based entirely on non-covered employment before 1957;

- Persons who have 30 or more years of substantial earnings under Social Security; or
- Survivor benefits.

For more information about the WEP, see the SSA [WEP webpage](#) and the [WEP factsheet](#).

## **Government Pension Offset**

The GPO applies to a worker who gets a government pension that is based on employment not covered by Social Security and is also eligible for Social Security as a spouse or widow/widower. Two-thirds of the government pension is used to offset any spouse's or widow/widower's Social Security benefit.

Before the GPO provisions were enacted in 1977, many government employees qualified for a pension from their government agencies and for a spouse's benefit from Social Security, even though they were not dependent on that spouse.

This situation was considered unfair to employees in Social Security covered positions because Social Security rules require that an individual's benefit as a spouse or surviving spouse be offset dollar for dollar by the amount of their own Social Security retirement benefit.

**Example:** Under GPO rules, an individual eligible for \$1,200 in Social Security retirement benefits on their own work record and also eligible for a spousal benefit of \$900 receives only the higher of the two benefits, \$1,200 in this case. Before enactment of the GPO provision, if that individual was a government employee who did not pay into Social Security and who earned a \$1,200 government pension, there was no offset; and they would receive the \$900 Social Security spousal benefit as well as their \$1,200 government pension. The GPO provision was enacted to prevent such inequities.

For applications filed before April 1, 2004, state and local government workers needed to be covered by Social Security only on the last day of employment with the government entity to be exempt from GPO. Many workers were able to take advantage of this exemption. Congress further tightened the GPO provision on March 2, 2004, with the Social Security Protection Act of 2004.

The Social Security Protection Act of 2004 required that beginning with applications filed April 1, 2004, state and local government workers be covered by Social Security throughout their last 60 months of employment with the government entity to be exempt from the GPO. If the worker's last day of government employment was covered by both Social Security and the pension system, and the last day occurred before July 1, 2004, the worker is exempt from GPO with respect to all current and future applications for spouse's or widow(er)'s benefits. For

example, a teacher whose last day of government employment in June 2004 was covered under Social Security and the pension system would be exempt from the GPO regardless of when they filed for benefits.

The Act did provide a transition for workers whose last day of government employment occurred within five years after the date of enactment (March 2, 2004). Any state or local government worker whose last day of government employment occurred after June 30, 2004, and before March 2, 2009, could have the requirement for 60 months of Social Security covered government employment reduced. For these workers, the requirement for 60 consecutive months of Social Security covered employment was reduced (but not to less than one month) by the total number of months that the worker had in Social Security covered government service under the same retirement system before March 2, 2004. If



the 60-month period was reduced, the remaining months of service needed to fulfill the requirement must have been performed after March 2, 2004.

**Example:** Ms. Jones was working in a non-covered position at the time of enactment of the GPO but had previously worked in a Social Security covered job in the same retirement system for 12 months in 1997. Because she had previously worked in Social Security covered employment for 12 months, the requirement that her last 60 months of employment be in a Social Security covered position would be reduced to 48 months, or four years. If Ms. Jones began working after March 2, 2004, in Social Security covered employment under the same retirement system as her prior government work, **and** worked continuously in the covered position for at least the final 48-month period of her employment **and** her last day of employment

was before March 2, 2009, Ms. Jones would have been exempt from the GPO offset.

All other non-covered state and local government workers who first switched to government employment covered by Social Security and their pension plan after June 30, 2004, had to work in covered government employment for the entire final 60-month period of their government employment in order to avoid the GPO.

The GPO does not apply to pension benefits that are:

- Not based on earnings, or
- Based on earnings in a job where the retiree was paying Social Security taxes, and
  - a. The recipient filed for and was entitled to a benefit as a spouse, widow or widower before April 1, 2004; or

- b. The last day of employment that the pension is based on is before July 1, 2004; or
- c. The retiree paid Social Security taxes on earnings during the last 60 months of government service.

Benefits as a spouse, widow or widower will also not be reduced by the GPO if the individual:

- Is a federal employee who elected to switch from the Civil Service Retirement System to the Federal Employees' Retirement System after December 31, 1987; and either:
  - a. Filed for and was entitled to spouse's, widow's or widower's benefits before April 1, 2004; or
  - b. The last day of service (that the pension is based on) is before July 1, 2004; or

- c. Paid Social Security taxes on earnings for 60 months or more during the period beginning January 1988 and ending with the first month of entitlement to benefits; or
- Received or was eligible to receive a government pension before December 1982 and met all the requirements for Social Security spouse's benefits in effect in January 1977; or
- Received or was eligible to receive a federal, state or local government pension before July 1, 1983, and was receiving one-half support from the spouse.

For more information, see the [GPO Fact Sheet](#).

## **Savings Plans for WEP or GPO Purposes**

The WEP and GPO apply to pensions provided by state and local government entities. Some public employers not covered by Social Security have established alternative

retirement plans, such as a savings plan, instead of a conventional pension plan.

A plan is considered a savings plan and is not a pension for WEP/GPO purposes if:

- An employee voluntarily contributes to a plan that is separate from and in addition to a primary retirement plan;
- The employer makes no contributions to the plan;
- The withdrawals from the plan do not exceed the employee's contributions (plus interest); and
- Withdrawals are not based on age, length of service or earnings.

In addition to savings plans, the following are not considered pensions for purposes of the WEP and GPO:

- A Social Security retirement or disability benefit.

- An early incentive retirement payment.

A survivor annuity is exempt from the WEP; however, Social Security survivor benefits may be affected by the GPO.

**Example 1:** A part-time employee for a city is not covered by a Section 218 Agreement or mandatory Social Security. In July 1991, the employee elected to participate in the state's public employees deferred compensation plan in lieu of mandatory Social Security coverage. The employee, upon retirement, will receive a payment from the deferred compensation plan based on employee and employer contributions to the plan, as this is the only plan to which the employee contributes. This plan is not considered a savings plan and the payment will be considered a pension and subject to the GPO or WEP provisions.

**Example 2:** A state employee is not covered by a 218 Agreement but is covered by a state employee retirement system and has also elected to make contributions to a deferred

compensation plan. The payment from this deferred compensation plan is separate from and in addition to the primary retirement plan. The employer made no contributions to the deferred compensation plan and the payment from the deferred compensation plan is not based on age, length of service or earnings. While the payment from the retirement system is subject to GPO or WEP, the payment from the deferred compensation plan is not.

SSA [Publication 05-10045](#), Windfall Elimination Provision, and SSA [Publication 05-10007](#), Government Pension Offset, address these topics further. You can also request these publications from the Social Security Administration by calling 800-772-1213. Employers assisting in retirement planning are urged to provide copies of these publications to their employees.

## **Medicare**

SSA is the primary public contact point for eligibility and premium issues for the Centers for Medicare & Medicaid Services

(CMS), which is responsible for administering the Medicare program. SSA staff determines and answers questions on Medicare eligibility. SSA also maintains records of Medicare eligibility and collects Medicare Part B premiums through withholding from Social Security payments.

The Medicare tax supports a federally-funded health insurance program for people age 65 and older and people with certain disabilities. Medicare has four parts:

1. Hospital insurance (Part A) that helps pay for inpatient care in a hospital or skilled nursing facility (following a hospital stay), some home health care and hospice care.



2. Medical insurance (Part B) that helps pay for doctors' services and many other medical services and supplies that are not covered by hospital insurance.
3. Medicare Advantage (Part C) plans, available in many areas through third-party insurers. People with Medicare Parts A and B can choose to receive all of their health care services through one of these provider organizations under Part C.
4. Prescription drug coverage (Part D) that helps pay for medications doctors prescribe for treatment.

You can get more information about Medicare at [www.medicare.gov](http://www.medicare.gov).

## **Medicaid**

Medicaid provides free or low-cost health insurance coverage to qualifying individuals and families. In 32 states and the District of

Columbia, eligibility for SSI benefits confers automatic entitlement to Medicaid. SSA provides information and referral services in support of Medicaid and is directly funded by the states and CMS.

For more information, see [www.medicaid.gov](http://www.medicaid.gov).

## **Reporting Wages to SSA**

As discussed in Chapter 3, all employers are responsible for collecting Social Security numbers from employees, filing tax returns with the Internal Revenue Service, filing annual wage reports (Forms W-2) with the Social Security Administration, and furnishing copies of Forms W-2 to employees. To avoid costly errors, it's crucial that Form W-2 filing be accurate.

All Forms W-2 sent to SSA are subject to:

- Balancing and validation programs to determine whether the reports are accurate and can be "read" by SSA systems; and

- Employee name and Social Security number verification.

Reports that have errors, do not match or do not meet edit conditions are returned to the employer (or submitter) for correction and resubmission.

Employers failing to meet filing requirements by the deadlines are subject to IRS late filing (see Chapter 3).

**Note:** If the initial report was filed timely and later returned for corrections, the employer will be subject to late filing penalties if the corrected report is not resubmitted by the due date.

## **Electronic Wage Reporting**

Employers can submit their W-2 files using SSA's [SSA Business Services Online](#). This option is fast, free and secure. For security, a PIN and a password are required before you submit your W-2 file over this webpage; most registrations can be completed on the

webpage. For more information, visit the [SSA employer page](#) or call your ESLO (see list at website).

## **Social Security Statement**

Individuals can get their personal Social Security statement online by using their [my Social Security account](#). This statement shows all earnings on which a worker has paid Social Security taxes during their working years. It also shows estimates for retirement, disability and survivors benefits. The statements should be examined closely to ensure that all earnings are properly credited. If the earnings shown on the statement are not correct, call SSA at 800-772-1213.

SSA mails paper statements to workers age 60 and older three months before their birthday if they do not receive Social Security benefits and do not yet have a my Social Security account.

To request a paper statement, call SSA at 800-772-1213 or visit a local field office, or to request by mail, print a copy of Form SSA-7004 and mail the completed form to the address provided. SSA will mail a printout of your Social Security statement within four to six weeks after receipt of your written request.

The Medicare portion of the Social Security statement reflects the amount of earnings that was taxed and an estimate of the amount of taxes paid to support the Medicare program. The taxes are estimated because SSA does not keep records of Medicare taxes paid. If an employee had both Social Security earnings and government earnings that qualified for Medicare in the same year, the statement would reflect an estimate of the combined Medicare taxes paid.

Workers may access online benefit planning tools at the [SSA planning page](#). These can be used to project potential benefits using various earnings scenarios.

**Note:** Individuals who have worked only in non-covered employment (no Social Security and Medicare taxes) will not receive a Social Security statement.

## **Verifying Employee Names and Social Security Numbers**

After wage reports have been entered into SSA's system, each employee's name and SSN is compared to SSA's records to verify that it is correct. Matched wage reports are updated to the individual employee's record; SSA identifies reports that do not match and contacts the employer or employee to provide a corrected name or SSN. Additionally, IRS may impose a penalty of up to \$270 per misreported name and SSN. Accurate crediting of earnings to individual records is essential to the correct payment of Social

Security benefits; this is one reason obtaining a correct name and SSN is very important. See IRS [Publication 15](#), for a discussion of requirements for new hires.

## **Social Security Number Verification Service**

The [Social Security Number Verification Service](#) (SSNVS) is a free, internet-based service of the SSA Business Services Online (BSO) where employers and third-party submitters can verify their employees' names and SSNs against SSA's records. Employers are required to register with SSA to use the service.

With SSNVS, you may verify up to 10 names and SSNs online and receive immediate results. There is no limit to the number of times the SSN verification webpage may be used within a session. You may upload electronic files of up to 250,000 names and SSNs and will usually receive results the next government business day.

In addition to SSNVS, the BSO offers registration services and employer services. Registration services offers a user identification number (User ID) assignment, password selection and various registration maintenance functions. Employer services offers Form W-2 file upload, W-2 and W-2c online key-in functions (no special software or forms required) and the ability to track files and view processing results and notices. See the [SSA BSO page](#) for more information.

**Note:** SSNVS should only be used for the purpose for which it was intended. SSA will verify SSNs and names solely to ensure that the records of current or former employees are correct for the purpose of completing Form W-2.

## **Verifying Employment Eligibility**

Under the Immigration and Nationality Act, employers must verify the identity and employment eligibility of anyone hired for



employment in the United States. This includes citizens and non-citizens.

[Form I-9](#), Employment Eligibility Verification, verifies that individuals are eligible to work in the United States. Completion of this form is required for every employee hired after November 6, 1986. The U.S. Citizenship and Immigration Service (USCIS) operates [I-9 Central](#), a free website providing employers and employees access to resources, tips and guidance to properly complete Form I-9 and better understand the Form I-9 process.

USCIS also operates an electronic employment eligibility verification system, E-Verify, for employers. If you have questions about Form I-9, contact E-Verify customer support at 888-464-4218 or the [E-Verify webpage](#).

You can download copies of Form I-9 from [www.uscis.gov](http://www.uscis.gov). USCIS Publication M-274, [Handbook for Employers](#), includes Form I-9 and addresses questions relating to the form

and employment issues related to immigration. Print copies are available to employers at USCIS regional and district offices, as well as local Government Printing Office bookstores. For questions not addressed in the handbook, visit [www.uscis.gov](http://www.uscis.gov) or call 800-375-5283.

## **Correcting Wage Reports**

Once information returns have been filed with SSA, you must make any corrections using Form W-2c and Form W-3c.

Forms W-2c may be filed on paper or via electronic transmission. Electronic submissions should be formatted following the instructions in SSA [Publication 42-007](#), Specifications for Filing Forms W-2 Electronically (EFW2), and are available on SSA's website or from any ESLO. A list of the ESLOs is also available at this site.

**Note:** As of February 28, 2006, SSA no longer accepts magnetic media submissions for wage reports. If you are required to file 250 or more Forms W-2c during a calendar year, you must file them electronically unless IRS grants you a waiver. For information on filing [Form 8508](#), Request for Waiver From Filing Information Returns Electronically, contact IRS at 866-455-7438, or visit [www.irs.gov](http://www.irs.gov).

If the employee has a name change, the employee must notify SSA and request a new Social Security card. Never change an employee's name in your payroll system until the employee has shown you a new Social Security card showing the change. See IRS [Publication 15 \(Circular E\)](#), Employer's Tax Guide, for rules on name changes.

If an error is identified before Form W-2 is filed with the SSA, but after providing the form to the employee, changes should be shown on a new original form. This form

should be marked "Reissued Statement" at the top. Be sure to change the information submitted to SSA as well, either by marking the original paper W-2 "VOID" at the top (if you submit on paper) or by correcting the data file before filing electronically.

Form W-3c must accompany Copy A of Forms W-2c when they are sent to SSA. A separate Form W-3c must be used for each type of Form W-2 being corrected and must accompany a single Form W-2c or multiple Forms W-2c. Large numbers of Forms W-2c may also be filed electronically. Contact your ESLO for details.

## **Common Reporting Errors**

**Incorrect or missing employer identification number (EIN).** SSA and IRS maintain records by the EIN. Reports received with missing or erroneous EINs may be credited to the wrong record and result in IRS

assessing penalties for failure to file correct reports.

**Incorrect employee names and Social Security numbers.** SSA cannot credit earnings to an employee's record unless the employee's name and Social Security number on the wage report matches the name and number in the SSA files. Use the name exactly as it is shown on the employee's Social Security card.

**Wage reports for years after employee's death.** Payments on behalf of a deceased employee made after the year of death cannot be credited as wages for Social Security purposes. These payments should be reported to the employee's estate on Form 1099-MISC, Miscellaneous Income. See Chapter 3.

**Errors resulting in out-of-balance reports.** Errors may occur due to application of an incorrect wage base for Social Security

or a wage base limitation to the Medicare wages.

**Tips.** If an employee has tips, they must be reported in the “Social Security tips” field of Form W-2. They are not included in the “Social Security wages” field. These two fields are added together by SSA to obtain the total Social Security earnings.

**Omitted wage or tax fields on wage reports.** All fields must be completed.

**Wrong tax year form used.** SSA optical scanning and imaging systems are modified annually to meet changes in Form W-2 formats. The version of Form W-2 for the year reported must be used or SSA may be unable to read the form or post the earnings to the wrong year.

**Unscannable reports.** Reports that are not scannable by the SSA’s optical equipment are more costly to process and subject to error.

**Failure to file Copy A of Form W-2 with SSA.** Employers must always file Copy A of Form W-2 with SSA, unless they submit the same data electronically.

**“Void” indicator on Form W-2 checked in error.** SSA will not credit wages shown on any Form W-2 that is void.

**Wrong tax year entered.** Make sure you show the correct tax year on the code “RE” records. Dollar totals (“RT” record) are used by SSA to determine whether the report is in balance and, if it is not, to show where the error may be found.

Make sure you report employee names and Social Security numbers correctly.

**Missing/Incorrect submitter (Code “RA”).** This information helps SSA properly identify and control each report. It provides contact information for use if there is a problem with the submission.

**Unreadable reports.** Reports must meet the requirements set out in [EFW2](#) to be processable on SSA's electronic equipment. Unprocessable reports will be returned to the transmitter for correction and returned to SSA. Failure to return the corrected reports timely may result in IRS penalty assessment.

**Incorrect or omitted Medicare wage/tip amounts.** Medicare wages/tips must be shown separately from Social Security wages on Forms 941 filed with the IRS. All Medicare wages/tips are subject to Medicare taxes.

**Showing non-covered amounts as Social Security or Medicare wages.** Examples of non-covered amounts include employee earnings that exceed the wage base for Social Security and payments to an independent contractor shown as wages. See "Special Rules for Various Types of Services and Payments" in Publication 15 for information on other noncovered payments.



## **Failure to file Form W-2c or Form W-3c with SSA when adjusting prior year earnings on Form 941 or Form 941c.**

Adjustments of tax liability filed with IRS that are based on changes in Social Security or Medicare wages must be matched by the filing of Forms W-2c and W-3c with SSA to allow entry of the wage changes on the employee's Social Security earnings records.

**Filing of duplicate or partially duplicate Forms 941.** Social Security or Medicare wages shown on duplicate Forms 941 may lead to costly and otherwise unnecessary reconciliations between SSA, the IRS and the employer.

## **Publications and Forms – Social Security Administration**

To request SSA publications, call 800-772-1213 (toll-free) or TTY 800-325- 0778, or email:

DCBFQM.OFLM.OLM.RQCT.Orders@ssa.gov.

You can also download most forms and publications at [SSA.gov/employer](https://ssa.gov/employer).

<b>Publication/Form</b>	<b>Title</b>
<a href="#">Form SS-5</a>	Application for a Social Security Card
	<a href="#">Social Security Number Verification Service (SSNVS) Handbook</a>
<a href="#">Pub. 42-007</a>	Specifications for Filing Forms W-2 Electronically (EFW2)
<a href="#">Pub. 42-014</a>	Specifications for Filing Forms W-2c Electronically (EFW2C)
<a href="#">Form SSA-1945</a>	Statement Concerning Your Employment in a Job Not Covered by Social Security

## **Other SSA Services**

### **SSA Speaker's Bureau**

SSA can arrange to have speakers available for wage reporting seminars, pre-retirement sessions and other employersponsored onsite meetings with employees to discuss Social Security matters. For more information, contact any [Social](#) Security office or call 800-772-1213.

### **Employer Training Seminars**

Each year, ESLOs provide a series of free training seminars to annual wage reporters. Call your local ESLO to find out when a seminar is held in your area or check the website for a list of seminars held around the nation.

### **Key SSA Webpages**

[Employer W-2 Filing Instructions & Information](#)

This website addresses employer reporting and other interests.

### [Social Security Online](#)

SSA's home page lists available online services such as benefit planners, Social Security statements, Medicare card replacement and so on.

### [State and Local Government Employers](#)

This site is for state and local government employers who are responsible for withholding, reporting and paying Social Security and Medicare taxes for public employees.

### [POMS State and Local Coverage Handbook](#)

The [Program Operations Manual System](#) (POMS) is a primary source of information used by Social Security employees to process claims for Social Security benefits. The [Social Security Handbook](#) is written in plain language for use by the public. [Chapter 10](#)

focuses on state and local employment, specifically.

### [Research, Statistics & Policy Analysis](#)

The research and policy analysis information on the SSA website is the result of a collaborative effort among three

ORDP offices—the Office of Research, Demonstration and Employment Support, the Office of Research, Evaluation and Statistics and the Office of Retirement Policy. All three offices work together to conduct research and policy analysis and disseminate the results of their research in a variety of publications that are available on the website.

## **Frequently Asked Questions**

- 1. If the IRS is responsible for answering questions on withholding and paying Social Security and Medicare taxes, why do we get reporting information from SSA and**

## **why do we have to send IRS Forms W-2 to SSA?**

SSA is responsible for keeping records of earnings and for determining eligibility and amounts for individuals applying for retirement, disability or survivor benefits. The amount of benefits an individual receives is based in part on that individual's earnings over their working career. The information on an individual's earnings record is taken directly from the Social Security and Medicare wage fields on the Form W-2 sent to SSA by the employer. After SSA processes this information, it is forwarded to the IRS. Either IRS or SSA can help you with Form W-2 reporting questions. [IRS/SSA]