



California Public Employees' Retirement System  
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## Announcements

# Circular Letter

July 10, 2019

Circular Letter: 200-022-19

Distribution: V, VI, XII, XVI

**To: Public Employers With an Existing Section 218**  
**Subject: State Social Security Administrator Program Funding**

### Purpose

The purpose of this Circular Letter is to inform your agency of the implementation of administrative fees effective July 1, 2019, to cover the cost associated with administering the State Social Security Administrator Program (SSSA).

### Background

The Social Security Administration (SSA) requires each state to designate an official to act for the state in administering the Section 218 Agreement. A Section 218 Agreement is a voluntary agreement between the state and the SSA to provide Social Security and Medicare coverage for state and local government employees. In 1955, the Governor's Office designated the California Public Employees' Retirement System (CalPERS) as the SSSA, per Government (Gov.) Code section 22004 of the Public Employees' Retirement Law (PERL). As the official SSSA, CalPERS has the following roles and responsibilities:

- Serve as the liaison between SSA, Internal Revenue Service (IRS), public entities, and stakeholders
- Process modifications for public entities to provide coverage for their employees
- Maintain Section 218 related records
- Perform education and outreach
- Conduct the Annual Information Request (AIR) to ensure tax compliance with respect to Social Security and Medicare withholding.

From 1955-1986, the SSSA was also responsible for collecting Social Security and Medicare withholdings for all public employers in California. The Omnibus Budget Reconciliation Act of 1986 moved the responsibility of collecting taxes from the SSSA to IRS. The SSSA has been operating since 1987 using the interest that was earned from the Social Security and Medicare tax holding account. The fund has diminished, and it can no longer pay for the expenses required to continue to operate the SSSA program. The SSA does not provide any funding for the SSSA program. Additionally, per Gov. Code section 20176 of the PERL CalPERS is prohibited from using any retirement funds to cover expenses which are not related to the cost of the administration of the retirement system. Gov. Code sections 22551 and 22552 authorize CalPERS to collect administrative and contracting fees.

## **Fees**

There will be two types of fees that will be assessed. The first fee is a contracting fee of \$650 to establish a new Section 218 Agreement or to amend an existing Section 218 Agreement for Social Security and/or Medicare coverage. The second fee is an annual maintenance fee for all employers that have an existing Section 218 Agreement. This fee will be based on the number of employees currently employed with your agency. Annual maintenance fees will be assessed using the criteria below. The invoice will be generated annually when the SSSA AIR is sent to your agency.

### **Annual Maintenance Fees**

Number of employees	Fee
1 – 4	\$200
5 – 9	\$250
10 – 19	\$300
20 – 49	\$400
50 – 99	\$500
100 – 249	\$1,000
250 - 499	\$1,500
500 – 999	\$2,000
1000+	\$2,500

### **Payment of Fees**

Payments can be submitted through the Electronic Funds Transfer (EFT) debit method, automated clearing house (ACH) method, or by check. The EFT debit method is the preferred method by setting up your payment account in my|CalPERS with no additional charge. The ACH

method option is initiated through your financial institution and should include the my|CalPERS ID\* receivable ID\*\$\$\$ separated by an asterisk (\*) in the addendum record field or similar information field of the payment instruction for each payment being remitted. Please call CalPERS at **888 CalPERS** (or **888-225-7377**) or email [FCSD\\_Cashiers@CalPERS.CA.GOV](mailto:FCSD_Cashiers@CalPERS.CA.GOV) to request the ACH method payment.

If you are submitting payments via check, please ensure the invoice is attached and mailed to:

California Public Employees' Retirement System  
Cash & Payment Processing/FRAS  
P. O. Box 942703  
Sacramento, CA 94229-2703

## Questions

To learn more, read our [Understanding State Social Security Fees](#).

If you have any additional questions, please contact the SSSA Office via email at [SSSA@calpers.ca.gov](mailto:SSSA@calpers.ca.gov) or call the SSSA Office directly at 916-795-0810. You may also call our CalPERS Customer Contact Center at **(888) CalPERS** (or **888-225-7377**).

Renee Ostrander, Chief  
Employer Account Management Division