



## 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

Fall 2019

### SSSA at the CalPERS Educational Forum

The SSSA, Social Security Administration (SSA), and the Internal Revenue Service (IRS) are coming together at the 20th Annual CalPERS Educational Forum. Connect with us one-on-one at our exhibit table to learn tips for determining if your agency is in compliance with the Social Security and Medicare tax laws. Also, you will get the tools and resources you need to comply with Social Security reporting and withholding requirements and get valuable information about the Windfall Elimination Provision, Government Pension Offset, Section 218 Agreements, and the Annual Information Request requirement.

Sessions:

#### Avoid and Correct Tax Withholding and Reporting Errors

Tuesday, October 29, 2019

3:25pm-4:25pm

#### Social Security and Your CalPERS Pension

Wednesday, October 30, 2019.

9:30am -10:30am

For more information about the CalPERS Educational Forum visit the CalPERS [webpage](#).

### Public Retirement Systems and FICA Replacement Plans

A public retirement system, as defined in Internal Revenue Code (IRC) section 3121(b)(7)(F) and Regulation 31.3121(b)(7)-2, is a pension, annuity, retirement or similar fund or system maintained by a state or local government that provides a retirement benefit to the employee

that is comparable to the benefit provided under the Old-Age portion of the Old-Age, Survivors and Disability Insurance (Social Security) part of the Federal Insurance Contributions Act (FICA). To be a retirement system for this purpose, the plan must provide a minimum retirement benefit. In this context, the term “employer” is used to refer to a state, political subdivision, or instrumentality. The term “employee” is used here only to refer to an employee of a state, political subdivision, or instrumentality.

Generally, retirement plans fall into two categories: Defined Contribution and Defined Benefit.

A defined contribution plan provides an individual account for each participant and provides benefits based solely on the amount contributed to the participant's account. A defined contribution plan that satisfies the definition of a retirement system must provide for an allocation to the employee's account of at least 7.5 percent 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 percent. Employer contributions can be calculated with employee contributions to reach the 7.5 percent.

A plan with only employee contributions would also satisfy the minimum benefit requirement, provided contributions constitute at least 7.5 percent of compensation. However, the 7.5 percent cannot include any earnings on the account. A plan with only employee contributions would also satisfy the minimum benefit requirement, provided the contributions constitute at least 7.5 percent of compensation.

A defined benefit plan (for purposes of determining whether it qualifies as a public retirement system), is any plan other than defined contribution plan. A defined benefit plan determines benefits based on a formula, age, years of service, and salary level.

A defined benefit retirement plan 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 percent of average compensation during an employee's last three years of employment, multiplied by the employee's number of years of service.

You can find more information about FICA replacement plans in [IRC Section 3121\(b\)\(7\)\(F\)](#).

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#### 2019 Webinar Schedule

Date	Topic
11/13/19	Top audit findings- Presented with an IRS agent*
12/18/19	Windfall Elimination Provision and Government Pension Offset

\* Please note date change from 11/20/2019