



Official State Social Security Administrator

About the State Social Security Administrator Program Newsletter

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

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Rehired Annuitants: Social Security Coverage Under a Divided Vote Section 218 Agreement

Social Security withholding requirements for rehired annuitants depends on the voting method utilized when the agency is first entering into a Section 218 Agreement. This rule applies to agencies that provide a retirement system benefit to their employees in addition to Social Security coverage. When an agency first enters into the Section 218 Agreement, it must hold a referendum. There are two voting options as part of the referendum. Agencies can have a majority vote or a divided vote to determine who will be covered by social security. Social Security withholding requirements for rehired annuitants will depend on the voting method utilized.

An important detail to note is rehired annuitants are considered retirement system ineligible, i.e., someone who occupies a position under a retirement system but is ineligible for membership in that system because of personal disqualification. Section 218 Agreements can provide Social Security coverage to retirement system ineligible, by also providing coverage to rehired annuitants.

In a divided referendum, employees covered by the retirement system are divided into two groups; those who individually accept Social Security participation and those who decline participation. If the agency chooses this type of referendum, retirement system ineligible are not automatically covered unlike the majority vote referendum.

A Section 218 Agreement that provides holds a divided vote must include all retirement system ineligible as part of the “yes” group in the retirement system group’s Section 218 coverage Modification. This is called covering the ineligible “as part of the retirement system coverage

group”. The Agreement must have specific language that extends coverage to retirement system ineligible.

All employees including rehired annuitants, hired, or rehired after April 1, 1986, are mandated to contribute to Medicare.

If you are unsure your agency has a Section 218 Agreement, the type of agreement, or need assistance determining the withholding for a specific rehired annuitant, we are here to assist you. Contact us via email at ssa@calpers.ca.gov or call us directly at (916) 795-0810.

Windfall Elimination Provision & Government Pension Offset

Understanding your future benefits is critical to successfully navigating your finances into retirement. Did you know 96% of American workers are working in jobs covered by Social Security? While all private employees contribute to Social Security, **not** all public employees do.

To see if your position is covered for Social Security, check your W-2s, pay stubs, or create an account with the [Social Security Administration](#) to view your earnings statement. Note, your Social Security benefits may be reduced if you’ve ever worked for a public employer in which you earned a pension and **did not** contribute to Social Security.

There are two reductions retirees **may** experience:

Windfall Elimination Provision ([WEP](#))

Government Pension Offset ([GPO](#))

The WEP reduction is applied to your benefit based on your work history. The reduction amount is progressive and based upon the number of years you have worked in a position covered by Social Security. You will not be affected by the WEP if you have thirty or more years contributing to Social Security. If you have twenty or fewer years contributing to Social Security, your benefit will experience the maximum reduction.

The GPO reduction is applied to your spousal benefit based upon your spouse’s work history. This is **not** a reduction to your spouse’s benefit. The GPO reduction is easy to calculate. The reduction will be two-thirds of your government pension. For example, if you are receiving a \$3,000/month government pension, any spousal benefits you may be eligible for will be reduced by two-thirds of your pension, or \$2,000.

These reductions prevent people with relatively high-compensated government service with low-paying Social Security covered employment from having their Social Security benefits determined under a more favorable formula used for retirees with low Social Security earnings. For example, a government employee not contributing to Social Security will have an earning record of a low-income earner. Low-income earners receive a much higher benefit compared to high-income earners.

You can determine if any of these reductions apply to you as well as estimate potential reductions to your Social Security benefit using the [WEP and GPO Calculators](#) on the Social Security website. All you need is a copy of your earnings statement, which you can access through your [my Social Security](#) account.

2022 Webinar Schedule	
10:00 a.m. to 11:00 a.m.	
Date	Topic
June 29, 2022	WEP and GPO Impacts on Your Social Security Benefit
July 27, 2022	Get the Facts About Worker Classification (Joint with CalPERS)
August 31, 2022	Are Your FICA Withholdings Correct?
September 28, 2022	Section 218 Agreements 101
November 16, 2022	IRS: Top Audit Findings
December 14, 2022	Are You Impacted by the WEP or GPO?