



The California State University
Office of the Chancellor
401 Golden Shore
Long Beach, California 90802-4210
(562) 951-4411

Date: March 3, 2005

Code: TECHNICAL LETTER
HR/Benefits 2005-05

To: Associate Vice Presidents/Deans, Faculty Affairs
Human Resources Directors

From: Cathy Robinson 
Assistant Vice Chancellor
Human Resources Administration

Cordelia Ontiveros 
Senior Director
Academic Human Resources

Subject: Required Notification for Employees in Jobs Not Covered By Social Security

This Technical Letter is to inform you that the Social Security Protection Act of 2004 (SSPA), Public Law 108-203, became effective January 1, 2005. The SSPA (specifically, Section 419(c)) requires the California State University (CSU) to provide individuals who are offered employment January 1, 2005, or later, in positions not subject to Social Security coverage a Statement Concerning Your Employment in a Job Not Covered by Social Security (CSU FORM SSA-1945) before employment begins. New employees must sign this form and return it to CSU. This notice describes how the following two provisions may affect future Social Security benefits for individuals whose CSU employment is not covered by Social Security:

1. Windfall Elimination Provision

Under the Windfall Elimination Provision, the Social Security retirement or disability benefit is figured using a modified formula when an employee also is entitled to a pension from a job where he/she did not pay Social Security tax. As a result, the employee will receive a lower Social Security benefit than if he/she were not entitled to a pension from the CSU job.

For example, if an employee reaches age 62 in 2005, the maximum monthly reduction in his/her Social Security benefit as a result of this provision is \$313.50. This amount is updated annually. This provision reduces, but does not totally eliminate, the Social Security benefit.

2. Government Pension Offset Provision

Under the Government Pension Offset Provision, any Social Security spouse or widow(er) benefit to which an employee may become entitled will be offset if he/she also receives a Federal, State, or local government pension based on work where the

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employee did not pay Social Security tax. The offset reduces the amount of the Social Security spouse or widow(er) benefit by two-thirds (2/3) of the amount of the employee's pension.

For example, if the employee receives a monthly pension of \$600 based on earnings that are not covered under Social Security, two-thirds of that amount, \$400, is used to offset the Social Security spouse or widow(er) benefit. If the employee is eligible for a \$500 widow(er) benefit, he/she will receive \$100 per month from Social Security (\$500-\$400 = \$100).

These provisions do not affect Medicare benefits.

CSU Requirements

The CSU is required to provide a copy of the SSA-1945 statement to the following types of employees:

- Public Safety employees who participate in the CalPERS public safety retirement plan and do not pay Social Security taxes;
- Student employees who are exempt from paying social security taxes, including those who do not contribute to a retirement system;
- Employees who are exempt from paying social security taxes due to non-resident alien tax status; or
- Part-time, seasonal and temporary employees who participate in a defined contribution plan in lieu of Social Security (DPA PST Retirement Plan and the UCDC plan) authorized by the Omnibus Budget and Reconciliation Act (OBRA).

To assist campuses with this new requirement, Human Resources Administration created the following forms for campus use:

1. *Information about Social Security Form SSA-1945 "Statement Concerning Your Employment in a Job Not Covered by Social Security" (Attachment A) and*
2. *CSU FORM SSA-1945 "Statement Concerning Your Employment in a Job Not Covered by Social Security" (Attachment B).*

Campuses are required to:

- Provide the attached Statement Concerning Your Employment in a Job Not Covered by Social Security to the employee prior to the start of employment;
- Obtain the employee's signature on the form; and
- Submit a copy of the signed form to the appropriate pension-paying agency, if appropriate.

For employees eligible for the UCDC Plan mail a copy of the completed and signed form to:

**UC HR/Benefits
Records Management
P.O. Box 24570
Oakland, CA 94623-1570**

Forms for employees eligible for CalPERS membership should be mailed to CalPERS at:

CalPERS – Form SSA-1945
P.O. Box 942715
Sacramento, CA 94229-2715

Please note that it has been determined that forms for employees eligible for the DPA PST plan do not need to be mailed to the PST plan, as it does not meet the criteria of a pension-paying agency.

Questions regarding this Technical Letter may be directed to Human Resources Administration at (562) 951-4411. This Technical Letter is also available on Human Resources Administration's Web site at: <http://www.calstate.edu/HRAdm/memos.shtml>.

CR/mh

Attachments



INFORMATION ABOUT SOCIAL SECURITY FORM SSA-1945 STATEMENT CONCERNING YOUR EMPLOYMENT IN A JOB NOT COVERED BY SOCIAL SECURITY

LEGAL REQUIREMENT

The Social Security Protection Act of 2004 (SSPA), Public Law 108-203, requires State, including the California State University (CSU), and local government employers to provide a statement to employees hired January 1, 2005, or later, in a job not covered under Social Security. The statement explains how a pension from that job could affect future Social Security benefits to which they may become entitled.

CSU FORM SSA-1945, Statement Concerning Your Employment in a Job Not Covered by Social Security, is the document campuses should use to meet the requirements of the law. CSU FORM SSA-1945 explains the potential effects of two provisions in the Social Security law for workers who also receive a pension based on their work in a job not covered by Social Security. The Windfall Elimination Provision can affect the amount of a worker's Social Security retirement or disability benefit. The Government Pension Offset Provision can affect a Social Security benefit received as a spouse or an ex-spouse.

In accordance with the Social Security Protection Act of 2004, employers must:

- Give the statement to the employee prior to the start of employment;
- Obtain the employee's signature on the form; and
- Submit a copy of the signed form to the pension-paying agency, if appropriate.

Social Security will not be setting any additional guidelines concerning the use of this form.

WHO MUST SIGN THE FORM

All new hires who fall into the following categories must complete the form:

- *Public Safety employees who participate in the CalPERS public safety retirement plan and do not pay Social Security taxes;*
- *Student employees who are exempt from paying social security taxes, including those who do not contribute to a retirement system;*
- *Employees who are exempt from paying social security taxes due to non-resident alien tax status; or*
- *Part-time, seasonal and temporary employees who participate in a defined contribution plan in lieu of Social Security (DPA PST Retirement Plan and the UCDC plan) authorized by the Omnibus Budget and Reconciliation Act (OBRA).*

FORM COMPLETION DEADLINE

Employees in above categories must receive, complete and sign the form prior to the start of employment. Please note: an employee must complete the form each time he or she is newly hired or rehired in a new appointment in one of the above categories.

COMPLETING THE FORM

The designated University representative responsible for disseminating the form must make sure that the form is filled out completely and includes a signature and date.

DISTRIBUTION OF SIGNED FORM:

For employees eligible for the UCDC plan, please mail form to:

UC HR/Benefits - Records Management
P.O. Box 24570
Oakland, CA 94623-1570

For employees eligible for CalPERS membership, please mail form to:

CalPERS – Form SSA-1945
P.O. Box 942715
Sacramento, CA 94229-2715

Note: Do not mail forms for the DPA PST Plan, as this plan does not meet the criteria of a pension-paying agency.

ADDITIONAL INSTRUCTIONS: