

## **Social Security Fact Sheet**

### *Public School Employees Retirement System*

#### Eligibility

Effective July 2, 1991, most state and local government employees became subject to mandatory Social Security and Medicare coverage, unless they are (1) a member of a public retirement system, or (2) covered under a Section 218 Agreement.

A public retirement system can be used to exclude employees from mandatory Social Security coverage if it pays benefits that meet the definition of a “public retirement system” for IRC 3121, as defined by Rev. Proc. 91-40.

Both the Employees’ Retirement System (ERS) and Teachers Retirement System (TRS) meet the definition of a public retirement system and can be used as a substitute for mandatory Social Security. Voluntary Social Security Coverage can be elected under a Section 218 Agreement.

However, the Public Schools Employees Retirement System (PSERS) does not meet the definition under Rev. Proc. 91-40 and cannot, alone, be used as a substitute for Social Security. An additional, local retirement plan, which meets the definition of a public retirement system under IRC 3121, as defined by Rev. Proc. 91-40, could exclude PSERS members from mandatory coverage.

State and local government employees hired on or after April 1, 1986, not already covered, are mandatorily covered for Medicare, unless specifically excluded by law. For state and local government employees hired before April 1, 1986 Medicare Coverage can be elected under a Section 218 Agreement.

#### Section 218 Agreement

The 1935 Social Security Act (SSA) was passed with the intent of providing a retirement for workers who did not have one. Since the majority of state and local governments had retirement plans, their employees were excluded from SSA. In 1951, there was an amendment, Section 218, that allowed for governmental employees who did not qualify to participate in a retirement plan to participate in SSA. In 1955, 218 coverage was extended to allow voluntary participation for governmental employees covered by a public retirement system, as defined in IRC 3121 Rev. Proc. 91-40.

Section 218 coverage is based on position as well as retirement system coverage. After April 20, 1983, if elected, coverage under a Section 218 Agreement cannot be terminated unless the governmental entity is legally dissolved.

For further SSA information, or information specific to an individual School System, please contact:

**Amy Ley,**  
*State Social Security Coordinator*  
404-603-5663  
[amy.ley@ers.ga.gov](mailto:amy.ley@ers.ga.gov)