TRS and Social Security Enrollment

Alaska Association of School Business Officials
November 28, 2017

Melanie Helmick, State Social Security Administrator
TRS and Social Security Enrollment

- TRS and Social Security History

Questions?

- TRS Social Security Enrollment Process
- TRS Social Security Cost

Questions?

- Additional Information
  - TRS and Medicare
  - TRS and SBS
  - TRS Members
  - TRS Employers
  - Other states
  - Today’s Social Security

Final Questions?
1935 – President Roosevelt signed the Social Security Act into law.

Created Section 210 of the Social Security Act, aka mandatory Social Security.

- Applied to private employees.
- Federal government didn’t impose Social Security on state, and local government employees – yet.
1951 – Social Security Administration (SSA) created Section 218 of the Social Security Act, aka Voluntary Social Security.

- Made Social Security enrollment voluntary for state and local governments.
- Each state passed enabling legislation and states created Master Voluntary Social Security Agreements.
- Each state must have a State Social Security Administrator (SSSA).
  - SSSA executes Section 218 Agreement.
  - SSSA is liaison between IRS, SSA, and local governments.
State political subdivisions can join the State’s Section 218 Agreement with a modification to that original agreement.

- Agreements cover positions not people.
- Social Security coverage is extended to groups of employees known as coverage groups.
  - Absolute Coverage Groups
  - Retirement System Coverage Groups
- 189 modifications to the State’s Section 218 Agreement to date.
When the State’s Section 218 Agreement was created in 1951, existing retirement systems were excluded from voluntary coverage:

- Territorial TRS (originated in 1945)
- Anchorage Police and Fire Retirement System
1955

The SSA said that members of excluded systems (TRS) could now vote to elect Social Security coverage.

1958

The University of Alaska is the only entity that held a vote and TRS employees elected to enroll in Social Security.
1983

- The last date an entity could dissolve a Section 218 Agreement or modification thereof.
- State of Alaska: Dissolved December 31, 1979 and replaced with SBS.
- University of Alaska dissolved December 31, 1981.
1991

Social Security Administration amended the Mandatory Social Security section of the Social Security Act to require Social Security coverage for state and local government employees:

- who are not members of a retirement system, and
- who are not covered by a Section 218 Agreement or modification.
Summary

• TRS employees aren’t able to enroll in mandatory Social Security because they are covered by a qualified retirement replacement plan (TRS).
• TRS employees can elect Social Security coverage under the State’s Section 218 Agreement.
TRS and Social Security History
TRS members must individually vote for Social Security enrollment.
TRS Social Security Enrollment Process

State Social Security Administrator Holds the Vote

Voting Options:

1. TRS Members Statewide Vote
2. TRS Members Vote by Entity
TRS Social Security Enrollment Process

TRS Member Statewide Vote

- Requires Governor Approval
- All TRS Members Vote at One Time
TRS Members Vote by Entity

- Deemed Retirement System Vote
  - Each TRS employer holds an individual vote.
  - All TRS members of entity vote.
TRS Members Vote by Entity

- Governing Body Passes a Resolution
  - Majority Rules Vote
  - Divided Vote
TRS Members Vote by Entity

- Majority Rules Vote
- $50 + 1$
TRS Members Vote by Entity

• Divided Vote
  ▪ No votes do not enroll in social security.
  ▪ Yes votes enroll in social security immediately.
  ▪ All position are eventually covered.
Voting Process

- Entity governing board passes a resolution to hold a vote.
- Mandatory 90-day education period for voting employees.
- Social Security Administration and TRS counselors educate, SSSA works with entity only.
- SSSA creates ballots.
- SSSA holds federal vote.
- SSSA certifies the vote.
- SSSA creates the modification.
- SSSA sends modification to SSA for approval.
- Social Security deductions start on effective date of modification for TRS employees who voted for enrollment.
TRS Social Security Enrollment Process

Time Frame for Holding Votes
Total cost of Social Security coverage is 12.4% of gross Social Security wages.

- Employer pays 6.2%
- Employee pays 6.2%
**School District in Interior Alaska**

<table>
<thead>
<tr>
<th>14 TRS Members</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 gross TRS contributions</td>
<td>$723,446</td>
</tr>
<tr>
<td>Average TRS salary</td>
<td>$ 51,675</td>
</tr>
<tr>
<td>Employer Social Security liability</td>
<td></td>
</tr>
<tr>
<td><em>(based on average TRS salary)</em></td>
<td>$ 3,204</td>
</tr>
<tr>
<td>Employee Social Security liability</td>
<td></td>
</tr>
<tr>
<td><em>(based on average TRS salary)</em></td>
<td>$ 3,204</td>
</tr>
<tr>
<td>Employer total cost for year</td>
<td>$ 44,854</td>
</tr>
<tr>
<td><em>(based on gross TRS contributions)</em></td>
<td></td>
</tr>
</tbody>
</table>
### TRS Social Security Cost

**School District in Southwest Alaska**

<table>
<thead>
<tr>
<th><strong>77 TRS Members</strong></th>
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</tr>
</thead>
<tbody>
<tr>
<td>2016 gross TRS contributions</td>
<td>$4,693,489</td>
</tr>
<tr>
<td>Average TRS salary</td>
<td>$ 60,954</td>
</tr>
<tr>
<td>Employer Social Security liability <em>(based on average TRS salary)</em></td>
<td>$ 3,779</td>
</tr>
<tr>
<td>Employee Social Security liability <em>(based on average TRS salary)</em></td>
<td>$ 3,779</td>
</tr>
<tr>
<td>Employer total cost for year <em>(based on gross TRS contributions)</em></td>
<td>$ 290,996</td>
</tr>
</tbody>
</table>
## School District in Southeast Alaska

<table>
<thead>
<tr>
<th>401 TRS Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 gross TRS contributions</td>
</tr>
<tr>
<td>Average TRS salary</td>
</tr>
<tr>
<td>Employer Social Security liability</td>
</tr>
<tr>
<td>(based on average TRS salary)</td>
</tr>
<tr>
<td>Employee Social Security liability</td>
</tr>
<tr>
<td>(based on average TRS salary)</td>
</tr>
<tr>
<td>Employer total cost for year</td>
</tr>
<tr>
<td>(based on gross TRS contributions)</td>
</tr>
</tbody>
</table>
# TRS Social Security Cost

## School District in Southern Alaska

<table>
<thead>
<tr>
<th>780 TRS Members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2016 gross TRS contributions</strong></td>
</tr>
<tr>
<td><strong>Average TRS salary</strong></td>
</tr>
<tr>
<td><strong>Employer Social Security liability (based on average TRS salary)</strong></td>
</tr>
<tr>
<td><strong>Employee Social Security liability (based on average TRS salary)</strong></td>
</tr>
<tr>
<td><strong>Employer total cost for year (based on gross TRS contributions)</strong></td>
</tr>
</tbody>
</table>
TRS Social Security Enrollment and Cost
TRS and Medicare

Mandatory Medicare coverage began April 1, 1986.

The Social Security credits you earn also count toward eligibility for Medicare when you reach age 65.

• You may be eligible for Medicare at an earlier age.

Medicare Information Office
State of Alaska, Department of Health and Social Services
1.800.478.6065
TRS and SBS
Supplemental Benefits System

SBS enrollment:
• Contributions are required on behalf of any employee of a participating employer who would be required to be covered under Social Security, if the employer was a party to the State’s Section 218 agreement.
• TRS members are not eligible for SBS enrollment.
TRS Members

• TRS Member:
  - Holds certification and position requires certification.
• 9,827 Full-time TRS members
• Members are:
  - Teachers
  - Superintendents
  - Principals
  - Nurses
  - Librarians
  - Others
TRS Employers

- 57 TRS Employers
- 53 School Districts
- 4 others:
  - University of Alaska
  - State of Alaska
  - Southeast Regional Resource Center
  - Special Education Service Agency
Additional Information

TRS Employers

- 53 School Districts:
  - 14 – Mandatory Employers
  - 4 – SBS Employers
  - 35 – Voluntary Social Security Employers
Additional Information

Other States

Teachers and Social Security Coverage

- Teachers ARE Covered
- Teachers ARE NOT Covered
- Varies by School District
Today’s Social Security

- Credit or Quarter of Coverage
- $1,300 per Credit
- 40 Credits Needed
- Less Credits Needed for: SSDI and SSSI
  - Social Security Disability Insurance
  - Social Security Survivors Insurance
Contact Me:

Melanie E. Helmick
State Social Security Administrator
Phone (907) 465-5707
Melanie.Helmick@Alaska.gov

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Final Questions