

## Glossary

This list identifies and defines terms SSA, IRS, and state administrators commonly use in administering Section 218.

<b>Term</b>	<b>Definition</b>
<b>218 Agreement</b>	See Section 218 Agreement
<b>218(b)(5) Coverage Group</b>	See Absolute Coverage Group
<b>218(d) Coverage Group</b>	See Retirement System Coverage Group
<b>69 Number</b>	A nine-digit number assigned by SSA prior to 1987 to every State and political subdivision included under a Section 218 Agreement that begins with the prefix “69” (69-NNNNNN). Many States continue to sequentially assign a 69-number for internal State record keeping purposes to entities brought under Section 218 coverage.
<b>Absolute Coverage Group</b>	For Section 218 coverage purposes, it is a group of employees whose positions are not covered under a retirement system. An absolute Coverage Group is also referred to as a non-retirement system coverage group or a Section 218(b)(5) coverage group.
<b>Act</b>	Social Security Act
<b>Agreement</b>	See Section 218 Agreement
<b>Common Law Control Test</b>	A test to determine whether a worker is an independent contractor or an employee. Under the common-law test, the person you work for has the right to tell you how, when, and where to do your job, or what to do. There are several factors, or elements, which indicate such control over the details of your work.
<b>Continuing Employment Exception</b>	The exception from mandatory Medicare taxes and coverage for a State or local government employee who participates in a public retirement system and meets all of the following requirements: Employee was performing regular and substantial services for remuneration for the employer before April 1, 1986; Employee was a bona fide employee on March 31, 1986; Employment relationship was not entered into for purposes of avoiding the Medicare tax; and Employment relationship with the employer has not been terminated after March 31, 1986.
<b>Coverage Groups</b>	Categories of State and local government employees brought under a Section 218 Agreement. There are two types of coverage groups: (1) Absolute Coverage Groups

	composed of employees in positions not covered under a retirement system, and (2) Retirement System Coverage groups composed of employees in positions covered by a retirement system. The Act gives each State the right, within the limits of State and federal laws, to decide which coverage groups are to be included under its Agreement and any modifications to the Agreement.
<b>Defined Benefit Plan</b>	An employer plan that determines retirement benefits under a formula, generally based on age, years of service and salary level.
<b>Defined Contribution Plan</b>	An employer plan that provides for an individual account for each participant and for benefits based solely on the amount contributed to the participant's account, and any income, expenses, gains, losses and forfeitures of accounts of other participants that may be allocated to the participant's account.
<b>Divided Vote Referendum</b>	A type of referendum authorized by Section 218(d)(6)(c) of the Act in which 23 States and all interstate instrumentalities can divide a retirement system established by the State, a political subdivision thereof, or the interstate instrumentality based on whether the employees in positions under that system desire Social Security coverage.
<b>Dissolution</b>	The mandatory process in which a State notifies SSA that an entity has legally dissolved or is no longer in existence.
<b>Effective Date</b>	The date specified by the State in the Agreement or modification for coverage to begin.
<b>Elected Official</b>	An employee that has been elected to serve in a State or political subdivision positions.
<b>Election Workers</b>	An individual hired by the State or local government to monitor, preside over, officiate, or assist in public elections. An election worker is only employed during election periods, earns a set fee for each day of work, and may be called to duty at a polling station or at a counting center.
<b>Employee</b>	For purposes of a Section 218 Agreement, an employee must meet the definition of employee as defined in Sections 210(j) and 218(b)(3) of the Act. You are considered an employee if you are in a position of a State or political subdivision, including those that are elected or appointed or you meet the "common-law test."
<b>Employer</b>	For Social Security purposes, you are an employer if you have the final authority or right to control workers in

	performing their services, including hiring, firing, and supervising. If in doubt, apply the common-law test.
<b>Employer Identification Number (EIN)</b>	A unique nine-digit identification number the IRS assigns to State and local governments, businesses, and other entities for tax filing and reporting purposes, including withholding and paying FICA taxes. An entity can obtain an EIN by filing Form SS-4, Application for Employer Identification Number, with the IRS.
<b>Entity</b>	An entity is a political unit of a State, including the State itself and its political subdivisions.
<b>Error Modification</b>	A corrective amendment to an original Section 218 Agreement that provides coverage when a State or political subdivision made reports and payments for Social Security coverage of its employees to the IRS in the mistaken belief that such action provided coverage for its employees.
<b>Federal Insurance Contributions Act (FICA)</b>	Federal statute imposing Social Security and Medicare taxes on employers and employees with respect to wages for employment.
<b>Fee-Based Public Official</b>	An individual who receives remuneration directly from the public rather than the government, but not in the form of a wage or salary, even if the compensation is called a fee. For example, a building inspector who is compensated solely from fees paid directly to him or her by clients is considered to operate a trade or business and is not treated as an employee of the government.
<b>Firefighter</b>	Any position classified as such under the State statutes and court decisions. The term does not include services in positions that, although connected with fire fighting functions, are not firefighter positions.
<b>Government Pension Offset (GPO)</b>	A reduction in the Social Security benefits that applies to individuals who (1) receive a government pension not covered for Social Security and (2) who are eligible for Social Security as a spouse or widow(er). Two-thirds of the government pension is used to offset any spouse's or widow(er)'s social security benefit.
<b>HI</b>	Hospital Insurance (Medicare Part A)
<b>Independent Contractor</b>	A business relationship apart from an employee when, as a general rule, the payer has the right to control or direct only the result of the work done and not the means and methods of accomplishing the result.
<b>Ineligibles</b>	An ineligible is an employee who performs services in a position under a retirement system but who is personally

	ineligible for membership in that system because of a personal disqualification, e.g., age, length of service, number of hours worked, or date of hiring. (Another employee who has no such personal disqualification from membership who occupies the same position would be eligible for membership in that retirement system.)
<b>Interstate Instrumentality</b>	An independent legal entity organized by two or more States to carry out one or more governmental functions. For purposes of a Section 218 Agreement, an interstate instrumentality has the status of a State.
<b>Instrumentality of Government</b>	A governmental organization created by the State or by political subdivisions with authority to act in a legally independent capacity to accomplish the specific purposes for which they were created.
<b>IRC</b>	Internal Revenue Code.
<b>IRS</b>	Internal Revenue Service.
<b>Majority Vote Referendum</b>	A referendum in which if a majority of the eligible members of the retirement system (not a majority of those voting, unless all those voting are actually all of the eligible members of the retirement system) vote in favor of coverage, the State may then submit a modification to its Agreement to extend coverage to that group. All States are authorized under Section 218(d)(3) of the Act to conduct majority vote referenda for coverage.
<b>Mandatory Exclusions</b>	Those services that are not covered under Section 218 of the Act. Mandatory exclusions apply to voluntary Social Security coverage situations (coverage via a Section 218 Agreement) and should not be confused with the different set of exclusions that applies to mandatory Social Security and mandatory Medicare situations.
<b>Mandatory Medicare (HI)</b>	Required Medicare tax and coverage to State and local government employees hired or rehired after March 31, 1986.
<b>Mandatory Social Security</b>	Required application of Social Security tax and coverage to State and local government employees who are not members of a public retirement system and who are not covered by a Section 218 Agreement; effective July 2, 1991.
<b>Medicare</b>	Health insurance program for people age 65 years of age and older and certain people with disabilities.
<b>Medicare Qualified Government Employment (MQGE)</b>	Services of State and local government employees subject to Medicare (HI only) tax but not to Social Security tax.

<b>Modification</b>	An amendment to an original Section 218 Agreement to extend coverage to additional groups of employees or to implement changes in federal and State laws. Each modification, like the original Agreement, is a legally binding document.
<b>National Conference of State Social Security Administrators (NCSSSA)</b>	Professional association of state Social Security administrators, State officials authorized by State law to administer Section 218 Agreements with the SSA and responsible for all other activities associated with federal and state laws addressing Social Security and Medicare coverage and Federal tax policies for State and local public employers and employees. See <a href="http://www.ncssa.org/">http://www.ncssa.org/</a> for further information.
<b>Non-Covered Employment</b>	Employment not covered by Social Security or Medicare under the Act and the Internal Revenue Code.
<b>Old-Age, Survivors and Disability Insurance Program (OASDI)</b>	Program administered by SSA, providing monthly benefits to retired and disabled workers, their spouses and children, and to survivors of insured workers.
<b>Optional Exclusions</b>	Those services that federal law gives States the option to include or exclude from coverage under a Section 218 Agreement.
<b>Optionals</b>	An optional is an employee in a position covered by a retirement system that is eligible to join the retirement system, but has not exercised their option to do so.
<b>Pension Plan</b>	See Public Retirement System
<b>Police officer</b>	Any position classified as such under the State statutes and court decisions. The term does not include services in positions that, although connected with police functions, are not police positions.
<b>Political Subdivision</b>	A separate legal entity of a State that has governmental powers and functions. A political subdivision ordinarily includes a county, city, town, village, school district and other similar governmental entities.
<b>Public Officer</b>	Any position classified as such by statutory definition that exercises some or part of the sovereign power of the State or political subdivision. Examples are: mayor, member of a legislature, county commissioner, State or local judge, justice of the peace, county or city attorney, marshal, sheriff, constable, tax collectors, tax assessors, road commissioners, members of boards and commissions, such as school boards, utility districts, zoning boards, and boards of health.
<b>Public Retirement System</b>	A pension, annuity, retirement, or similar fund or system

	<p>established by a State or political subdivision for the purpose of paying retirement benefits to employees. For purposes of determining whether an employee is subject to mandatory Social Security and Medicare, a “retirement system” in which the employee participates must meet the tests under IRC Section 3121(b)(7)(F) and Section 31.3121(b)(7)-2(e) of the Employment Tax Regulations. For this purpose, a “retirement system” is <i>not</i> identical to a qualified plan within the meaning of the Employees’ Retirement Income Security Act of 1974 (ERISA).</p>
<b>Qualified Participant</b>	<p>An individual who is (or has been) an actual participant in a public retirement system and who has a total accrued benefit under the retirement system that meets the minimum retirement benefit requirements of IRC Section 3121(b)(7) and regulations there under. Section 31.3121(b)(7)-2(d) of the Employment Tax Regulations establishes standards for defined contribution retirement systems.</p>
<b>Rehired Annuitant</b>	<p>A rehired annuitant is a former participant in a public retirement system, who is rehired by the same or a different public employer. This person has retired from service with the State or local government and is receiving retirement benefits under the retirement system or has reached the normal retirement age under the retirement system.</p>
<b>Retirement System</b>	<p>See Public Retirement System</p>
<b>Retirement System Coverage Group</b>	<p>A group of employees whose positions are covered under a retirement system by referendum under the provisions of Section 218(d). The retirement system does not need to meet the tests under IRC Section 3121(b)(7)(F) and Section 31.3121(b)(7)-2(e) of the Employment Tax Regulations to secure coverage under an Agreement.</p>
<b>Section 218 Agreement</b>	<p>A written voluntary agreement between a State and the SSA to provide Social Security and Medicare Hospital Insurance or Medicare coverage only for employees of State and local governments. This Agreement is authorized under Section 218 of the Act. Employees covered under a Section 218 Agreement have the same coverage and benefit rights as employees in the private sector. All States have a Section 218 Agreement, but the extent of coverage varies. Section 218 of Act is codified at 42 U.S.C. 418.</p>
<b>Social Security Act (the Act)</b>	<p>Federal statute providing OASDI and HI, as well as other benefits.</p>

<b>Social Security Administration (SSA)</b>	An independent agency in the executive branch of the federal government responsible for administering the OASDI program and for determining eligibility for Medicare benefits
<b>Social Security Number (SSN)</b>	The identification number assigned by SSA to individuals. It must always be used in reporting an individual's earnings and in correspondence regarding specific employees. Each earning record is maintained under this number.
<b>Social Security Offices</b>	The offices that administer the Social Security program locally. These servicing offices may request technical assistance from the PSSO as needed.
<b>State</b>	A "State," for purposes of a Section 218 Agreement, includes the 50 States, Puerto Rico, the Virgin Islands and interstate instrumentalities. It does not include the District of Columbia, Guam, American Samoa and the Commonwealth of the Northern Mariana Islands. All States have a Section 218 Agreement with the SSA.
<b>State Social Security Administrator (SSSA)</b>	The principal State official authorized by State law to administer the Section 218 Agreement with the SSA and is responsible for all other activities associated with applicable federal and State laws addressing social security and Medicare by State and local public employers in the State.
<b>Temporary Emergency Worker Exclusion</b>	A mandatory exclusion in which services performed by an individual temporarily hired to serve as an employee on the basis that a condition of emergency exists are excluded from FICA tax withholding. Such emergencies can be, but are not necessarily limited to, fire, storm, snow, earthquake, flood, volcanic, or other similar condition of significant disaster or peril to life or property.
<b>Voluntary Medicare Coverage</b>	A Section 218 Agreement with SSA to provide Medicare only coverage for employees who are members of a public retirement system and not covered under a Section 218 Agreement.