



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: November 14, 2012

TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board

FROM: Diana Felsmann, Policy Analyst
Division of Retirement Services

SUBJECT: Social Security Coverage Under the State of Wisconsin's Section 218 Agreement

This memo is for informational purposes only. No Board action is required.


The purpose of this memorandum is to provide background information about Social Security coverage under the State of Wisconsin's Section 218 Agreement and the Department of Employee Trust Funds' (ETF) role as the appointed State Social Security Administrator.

In 1935, the Social Security Act initially passed, but there was a question as to whether the Act applied to individual states. As a result, in 1950, Section 218 of the Social Security Act was created to allow the federal government to enter into an agreement with each state, thereby allowing individual states to offer Social Security coverage to public employees.

In 1951, the State of Wisconsin entered into a Section 218 Agreement with the federal government, giving public employers the option to provide Social Security coverage for their employees. Individual employers choosing to bring their employees under the Section 218 Agreement did so via modifications to the original agreement. An employer's choice to provide Social Security coverage was made irrevocable in 1983.

There are two main types of Social Security coverage under a Section 218 Agreement: absolute coverage and restricted coverage. Absolute coverage covers all eligible employees, excluding employees prohibited from having coverage by federal law. Restricted coverage is also referred to as retirement system coverage, and applies only to employees eligible to participate in the Wisconsin Retirement System (WRS).

Reviewed and approved by Matt Stohr, Administrator
Division of Retirement Services


Signature _____ Date 11/20/12

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ETF houses the federally-mandated role of State Social Security Administrator. The duties of the State Social Security Administrator include acting as a liaison between the Social Security Administration and public employers, drafting and submitting modifications to the Section 218 Agreement, and providing Social Security coverage information to individual employers inquiring about the type of coverage they have. There are approximately 2424 public employers in Wisconsin covered under the Section 218 Agreement. Of those employers, 1512 participate in the WRS.

With respect to the WRS, all WRS-covered employees, with the exception of certain firefighters, have Social Security coverage under the Section 218 Agreement, as specified in Wis. Stat. §40.41.

I will attend the December Joint Information Meeting to cover this topic, however, please do not hesitate to contact me at 608-261-8944 if you have any questions.