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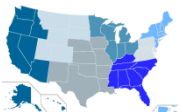
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The presentation will begin promptly at
11:00 a.m. PT / Noon MT / 1:00 p.m. CT / 2:00 p.m. ET

Election Process

NCSSSA Training & Succession Planning Committee

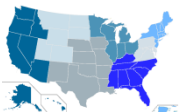
July 2018



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Agenda

- Key Terms
- History
- Absolute vs. Retirement System
- Majority Vote
- Divided Vote
- Best Practices



Key Terms Used

Absolute Coverage Group

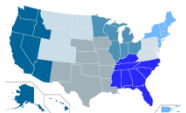
- 218(b)(5)

Retirement Group Coverage - Majority Vote Election

- 218(d)(4)

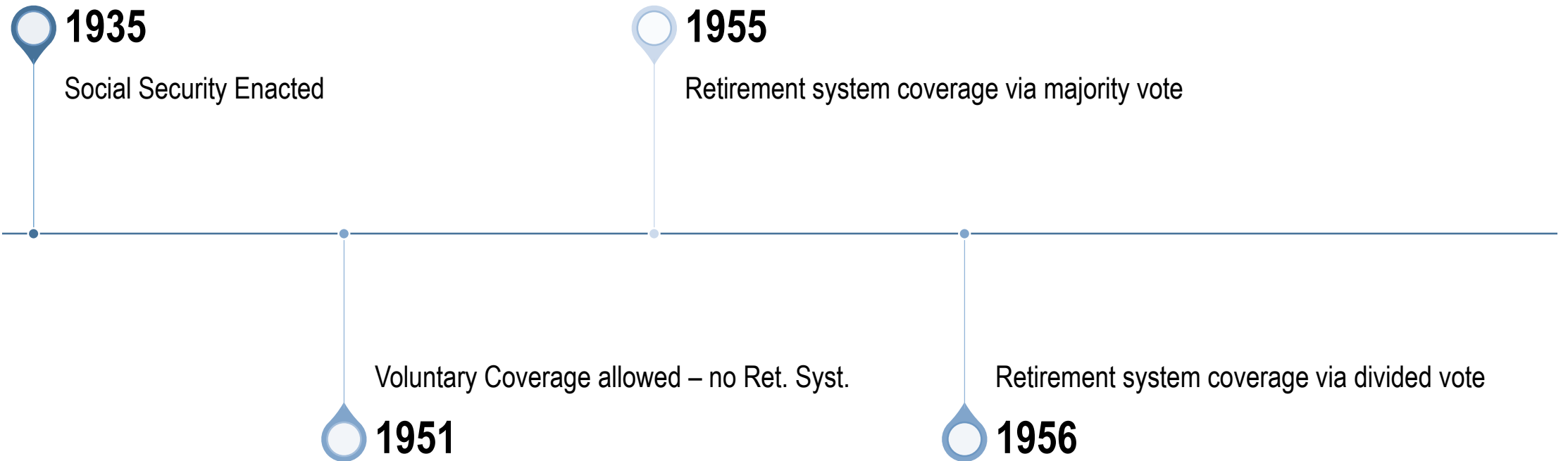
Retirement Group Coverage - Divided Vote Election

- 218(d)(6)



History

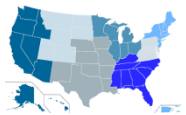
History



History

- 1935 Social Security first enacted. Excludes employees of state and local governments due to 10th Amendment concerns.
- 1951 Section 218 enacted to allow for voluntary coverage of state and local entities that had no retirement system coverage.
- 1955 Section 218 amended to allow for retirement system coverage on a majority vote referendum.
- 1956 Section 218 amended to allow for retirement system coverage using a divided vote referendum for certain states.

Absolute vs. Retirement System



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Employer Consent

- Both Absolute and Retirement System coverage require the consent of the employer (state, political subdivision). In other words, an employee or group of employees cannot independently ask the state administrator to conduct a referendum or submit a modification for absolute coverage.
- Consent by the employer should be recorded and documented by meeting minutes or a resolution that states the entity agrees to the Social Security Coverage.

218 Coverage Groups

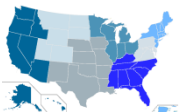
Employees are brought under 218 Agreement coverage in groups known as coverage groups.

Absolute

Retirement Group

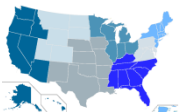
Absolute Coverage Group

- (b)(5) Group
- Covers positions not under a retirement system
- Coverage continues if positions covered by a retirement system in the future
- No election required
- Optional and required exclusions apply



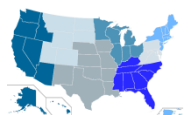
Retirement System Coverage Group

- (d)(4) Group – Majority Vote
- (d)(6) Group – Divided Vote
- Covers retirement system positions
- Requires a vote by members of the retirement system
- Social Security in addition to employer sponsored retirement
- Optional and required exclusions apply



Election Type

218 Agreement Details



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218 Agreement Election (Referendum)

- Coverage groups obtain coverage after a satisfactory election

Election Procedures

Majority Vote

Divided Vote

Agency adopts Resolution

RESOLUTION

WHEREAS, Agency, hereinafter designated as "Public Agency", desires to establish a "deemed" retirement system pursuant to Section 218(d)(6) of the Federal Social Security Act composed of positions of members of the State Public Employees' Retirement System, hereinafter designated "Present Retirement System", desiring "Medicare-Only" coverage, and to include services performed by individuals employed by the Public Agency in positions covered by said "deemed" retirement system, as members of a coverage group established by Section 218(d)(4) of said Act, in the California State Social Security Agreement of March 9, 1951, providing for the coverage of public employees under the insurance system established by said Act as amended; and

WHEREAS, State and Federal law and regulations require, as a condition of such coverage, that a division be authorized by the Board of Administration, State Public Employees' Retirement System; and

WHEREAS, it is necessary that the "Public Agency" now designate any services which it desires to exclude from coverage with respect to such coverage group under said insurance system; and

WHEREAS, it is necessary for the Public Agency to set forth the modification, if any, of the benefits and contributions under the Present Retirement System that may result from coverage under the said insurance system with respect to such coverage group;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration, State Public Employees' Retirement System, be and hereby is requested to authorize the foregoing division; and

NOTICE OF DIVISION OF RETIREMENT SYSTEM

AGENCY NAME

NOTICE IS HEREBY GIVEN to all persons in employment with the Agency Name, in positions covered by the State Public Employees' Retirement System, who are members of such system (or eligible to elect membership therein) on xx/xx/2018, that:

A division of the said System with respect to employees of the Agency Name, will be made on the date set forth below pursuant to the provisions of Section 22150 of the California Government Code, Section 218(d) of the Social Security Act, and rules and regulations relating thereto, at which time each eligible member of the said System will be permitted to elect whether he wishes to be covered by the Health Insurance-only program, herein referred to as the Medicare program, provided for under section 218(n) of the Social Security Act with respect to services performed for the Agency Name. Upon such division and as of the date thereof for the purpose of coverage under the Medicare program, the said System will be divided into two parts:

GROUP A, composed of positions of members who elect not to be covered under Medicare.

GROUP B, composed of positions of members who elect coverage under Medicare.

DIVISION DATE: xx/xx/2018. A Division election form will be distributed on such date to each eligible member or eligible non-member of the State Public Employees' Retirement System to use in indicating a choice on Medicare coverage. Failure to properly execute and return this form showing an affirmative choice for Medicare coverage by xx/xx/2018, will be deemed an election not to be covered. The election form must be actually received in the office of the Agency Name and Address by the final filing date.

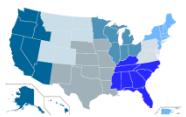
ABSENTEES: Employees who will not be present, or who will otherwise be unable to indicate a choice on the DIVISION DATE should file a written request for a Division election form for the division with Human Resources Director before xx/xx/2018.

90 Days Notice

Signed by Local Division Officer

Date

Majority Vote Election



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Majority Vote Election

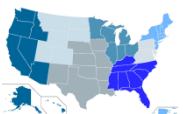
Vote conducted by secret written ballot



Covers all employees within the coverage group (except excluded positions)



New hires covered



Voting – Eligible Employees

- Employees eligible to vote in the election must be:
 - A member of the retirement system on the election date; and
 - Be in an employment relationship both at:
 - The time notice of election is given
 - The date the election is held

Voting –Ineligible Employees

- Employees not eligible to vote in the election include those who are:
 - Already covered under a Section 218 Agreement
 - Not members of the retirement system
 - Excluded by a mandatory or optional exclusion
 - Federal employees of retirement system
 - Hired after the 90 day notice is given

Election Ballot Sample

Name of Agency

OFFICIAL MAJORITY BALLOT

SOCIAL SECURITY COVERAGE

INSTRUCTIONS TO VOTERS:

To vote on the question, mark **X** in the voting square after the word "YES" or the word "NO". All other marks are forbidden and void the ballot.

QUESTION:

Shall eligible employees of the **Name of Agency** who are members of the **Name of Retirement System** have extended to them the Social Security (Old-Age, Survivors, Disability, and Health Insurance) program embodied in the Social Security Act, with coverage under such program effective as to services performed on and after **Effective Date of Coverage**?

YES

NO

If the Majority votes - Yes

- Social Security coverage begins
- Contributions begins
- Coverage will remain as long as:
 - Continue to be a member of the retirement system
 - Or continue to occupy any position part of the retirement system group
- After the referendum is held, the modification must be executed within two years

If the Majority Votes - No

- Social Security does not begin
- No coverage credit under employer
- Contributions will not occur
- A new election for the same coverage group cannot occur for at least 12 months

Election Ballot Sample

Name of Agency

OFFICIAL MAJORITY BALLOT

SOCIAL SECURITY COVERAGE

INSTRUCTIONS TO VOTERS:

To vote on the question, mark **X** in the voting square after the word "YES" or the word "NO". All other marks are forbidden and void the ballot.

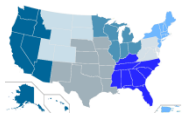
QUESTION:

Shall eligible employees of the **Name of Agency** who are members of the **Name of Retirement System** have extended to them the Social Security (Old-Age, Survivors, Disability, and Health Insurance) program embodied in the Social Security Act, with coverage under such program effective as to services performed on and after **Effective Date of Coverage**?

YES

NO

Divided Vote Referendum



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Divided vs. Divided

With a majority referendum, the vote can be held system-wide, i.e., every member of the retirement system regardless of employer, Or, the retirement system can be “divided” into separate member employers. For example, the State of Chaos has a state-wide teachers retirement system with each school district as a member. A referendum can be held just for teachers in School District A and not the other districts (or various combinations).

“Divided” in those states authorized to hold a divided vote referendum refers to individual choice at the time of the election – the “yes” and “no” votes. These states can also “divide” the retirement system by member employer and hold a majority or a divided vote referendum.

Divided Vote Referendum

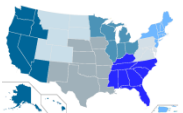
- Vote given to all individuals who are members when the vote was held
- Coverage is granted based on individual choice
- New hires will be covered
- 90 days notice
- Those who opt no, have another opportunity to join coverage
 - Second Chance Election

Divided Vote Referendum

- The retirement system is divided into two parts:
 - Yes votes: members of the retirement system who elected coverage
 - No votes: members of the retirement system who did not elect coverage
- After the referendum is held, the modification must be executed within two years

Authorized Divided Vote States

Alaska	California	Connecticut	Florida
Georgia	Hawaii	Illinois	Kentucky
Louisiana	Massachusetts	Minnesota	Nevada
New Jersey	New Mexico	New York	North Dakota
Pennsylvania	Rhode Island	Tennessee	Texas
Vermont	Washington	Wisconsin	



Election Ballot Sample

SOCIAL SECURITY COVERAGE ELECTION FORM

Failure to complete, sign and return this form will be considered an election not to be covered.

TO: Dunder Mifflin Paper Company

I am a member of the Retirement System on March 16, 2018.

I hereby make the following election on coverage under the Social Security program, provided for by section 218 of the Social Security Act:

Please **WRITE** the words "Yes" or "No" and "Do" or "Do Not" to designate your election

Yes, I elect that I do want to be covered under social security.
(Yes / No) (Do / Do not)

Printed Name
(Name – Please Print)

123-45-6789
(Your Social Security Number)

Signature
(Signature)

3/16/2018
(Date election form signed)

Social Security coverage will be effective on: July 1, 2019. You and your Employer will be required to pay any retroactive contributions due on covered wages after the effective date of coverage.

I understand that my "**YES**" vote indicates that my election to be covered under social security is irrevocable and I will be permanently covered by social security as long as I am an eligible member of the Retirement System. I understand that I may not change my decision to be covered by social security as long as I am employed by Dunder Mifflin Paper Company. I understand that if I do not complete, sign and return this form, I will not be covered by social security.

Printed Name
(Name – Please Print)

Signature
(Signature)

I understand that my "**NO**" vote indicates that my election not to be covered by social security is irrevocable as long as I am employed by the Dunder Mifflin Paper Company. I understand that if I resign or the employment relationship is terminated, upon return to employment I will be covered by social security. I understand that if I do not complete, sign and return this form, I will not be covered by social security.

(Name – Please Print)

(Signature)

IMPORTANT NOTICE: To be valid, this election form must be completed and returned to the address shown below on or before March 30, 2018. A late election form or an election form that is not returned will be considered the same as a "NO" vote in accordance with §598.65 of the California Code of Regulations.

After indicating your choice, please sign, date and return this election form to:

Entity Name: Dunder Mifflin Paper Company

Address: 1725 Slough Avenue, Suite 200, Scranton PA

SOCIAL SECURITY BALLOT

SOCIAL SECURITY COVERAGE ELECTION FORM

Divided Vote Referendum – Election Officer

- Eligible voters to return the ballots on the date of the election and up to 10 calendar days after the date of the election
- Certify the number of eligible voters and ballots collected
- Prepare a list of all voters with their response: Yes/No/NR
- Ballots not returned would count as a “No” vote

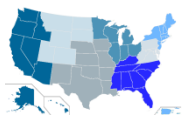
Medicare-only Referendum

- Pre-86 employees without 218 coverage and under a retirement system are excluded from Medicare.
- Both methods (if the state is authorized for divided vote) can be used to gain Medicare-only coverage.
- Same process except the documents will refer to Medicare-only and Section (n) of the Act.

Additional Opportunities

Second Chance elections

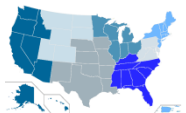
POMS 30001.335



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Procedures

- Second Chance
- Majority Vote referendum



Second chance

- Within the two years of the original agreement/modification
- No referendum is required within two years
- Individuals who voted no and would like to obtain coverage:
 - Provide a written request to the state
 - State approves such request
 - State may provide a time period to change their request
 - Must be in an employee relationship on date of execution of Mod.

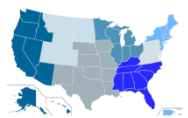
Majority Referendum – Second Chance

- No divided vote allowed if retirement system is covered under the divided vote referendum process
- Majority referendum is held among the “No” vote members of the deemed retirement system
- The same unit is used for referendum purposes (single political subdivision)

Majority Referendum – Second Chance

- If favorable all members are covered, ineligibles and optionals are covered
- The group would be a separate retirement system coverage group with its own effective date (chosen by the State)

Best Practices



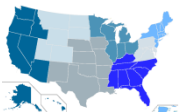
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Best Practices

- Offer an information session coordinated with SSSA and SSA to explain election process and benefits
- If not supervising in person, ask members to mail ballots directly to your office
- Prepare a list with dates of the steps to provide a timeline for the agency

Resources

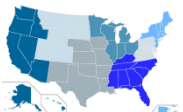
- [SSA POMS](#)
- [IRS Pub 963](#)
- [NCSSSA Website](#)



Upcoming Events

September
2018

- NCSSSA
Conference in San
Antonio, Texas





Questions

Thank you

