



## CT TEACHERS' RETIREMENT BOARD

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## SOCIAL SECURITY COVERAGE FOR CONNECTICUT PUBLIC SCHOOL TEACHERS

Prior to 1951, state and local government employees were excluded from FICA coverage because there was a legal issue regarding the right of the federal government to tax state and local governments. FICA stands for the Federal Insurance Contribution Act and it includes both Social Security (OASDI - Old Age Survivors & Disability Insurance) and Medicare (HI – Hospital Insurance).

Beginning in 1951, states were allowed to enter into voluntary agreements with the federal government to provide FICA coverage to public employees. These agreements were called Section 218 agreements because they are authorized under Section 218 of the Social Security Act.

Some Section 218 agreements may exclude all services in any class or **classes of part-time positions**. If an agreement does not specifically exclude these services, they are automatically covered.

Prior to July 2, 1991 it was quite common for substitute teachers, or less than half-time teachers, to be neither covered by the Connecticut Teachers' Retirement System (CTRS) nor covered under Social Security. (All new hires after March 31<sup>st</sup>, 1986 must be covered for Medicare). The reason for this was that each school district, city or town had its own separate Section 218 agreement. Therefore, Social Security coverage was based on an entity by entity basis as to their eligibility to be covered by Social Security. If the Section 218 agreement for a district excluded part-time employees (which includes substitute teachers), they were ineligible to participate in Social Security by contributing while employed in that district. On the other hand, they may have been covered for Social Security in an adjoining district if that district's Section 218 agreement did not exclude part-time employees.

However, effective July 2, 1991, full FICA (Social Security and Medicare) coverage became mandatory for most state and local government employees who were not participants in a qualifying public retirement system or who were not already covered employees under a Section 218 agreement. For more on qualifying public retirement systems, see IRS Revenue Procedure 91-40.

In summary, proper treatment of substitute and less than half-time teachers is determined by each district, city or town's Section 218 Agreement. If there is no part-time exclusion then Social Security and Medicare must be withheld from the employee and matched by the employer. If there is a part-time exclusion, then the July 2, 1991 Mandatory Social Security rules apply.

**Social Security coverage for a CTRS member who performs “extra duty” assignments within the same school district in which he/she teaches** is governed by the Section 218 agreement for that district, city or town. If that district, city or town’s Section 218 agreement does not exclude part-time employees then the services are subject to full FICA (Social Security and Medicare). If the district, city or town has a part-time exclusion then the employee is not subject to Social Security coverage but may be subject to Medicare coverage based on date of hire.

**Social Security coverage for a CTRS member who performs “extra duty” assignments in a school district other than the one in which he/she teaches** falls under the 1991 Mandatory Social Security rules mentioned above regardless of the Section 218 agreement in effect for that district. Mandatory Medicare also applies.

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**How is a retired member of CTRS treated if he/she returns to work in a school district as a substitute or part-time teacher?**

Since there was a break in service, the retired member must be covered for the Medicare portion and pay the Medicare tax (1.45%). This is the case whether the retired member is teaching in his/her former district or with another district.

Next, the determination of whether the member must be covered for Social Security must be based on the Section 218 agreement that is in effect for that school district. Again, this is done on an entity by entity basis. If that district’s Section 218 agreement includes part-time employees or does not specifically exclude them, then the services are subject to full FICA coverage (Social Security and Medicare). Each school district must determine whether retired teachers should/should not be covered based on the Section 218 agreement for that particular district.