

A New Social Security Reporting Requirement for Some Public Sector Employers — Effective Now

The Social Security Protection Act of 2004¹ contains a reporting provision relevant to public sector employers and retirement plans. The new reporting requirement affects public sector employers whose employees are *not* covered by Social Security. Specifically, Section 419(c) of the law requires employers whose employees are not covered by Social Security to provide in writing to individuals hired on or after January 1, 2005, a statement describing the "maximum effect" of non-coverage on their eventual Social Security benefits.

Obligatory Content

The disclosure must include a general description of the effect of the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) on Social Security retirement benefits. The GPO and WEP are provisions of the Social Security Act (SSA) that reduce retirement benefits for retirees or their beneficiaries who receive pension benefits based on non-covered employment.²

Proof of Receipt Required

Employers are required to provide new hires with the designated form, ensure that it is signed and returned as certification that the individual is aware of the potential impact of GPO and WEP, and submit a copy to the public sector retirement system, before employment begins.

Model Notice

The Social Security Administration has prepared Form SSA-1945, Statement Concerning Your Employment in a Job Not Covered by Social Security. It is available on the following page of the Social Security Administration's Web site:

<http://www.socialsecurity.gov/form1945/SSA-1945.pdf>

¹ A 49-page PDF file of the law (Public Law 108-203), which President George W. Bush signed on March 2, 2004, is available on the following page of the Government Printing Office's Web site: http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108_cong_public_laws&docid=f:publ203.108.pdf

² The GPO and WEP provisions of the SSA are described on the following page of the SSA Web site: <http://www.ssa.gov/gpo-wep>