

Student FICA exemption frequently asked questions

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1. What is FICA comprised of for students?

The Federal Insurance Contribution Act (FICA) is the federal law that requires employers to withhold certain taxes from the wages they pay their employees. As stated on [the IRS website](#): "Taxes under the Federal Insurance Contributions Act (FICA) are composed of the old-age, survivors, and disability insurance taxes, also known as social security taxes, and the hospital insurance tax, also known as Medicare taxes."

In place of OASDI, employees who are not members of the [UC Retirement Plan](#) become "safe harbor" participants in the Defined Contribution Plan (DCP). University policy requires that all eligible non-career employees hired or rehired on, or after, October 19, 1992, contribute on a pre-tax basis, 7.5% of their gross wages to the DCP. These employees are also required to contribute 1.45% of their earnings to Medicare.

Additional information may be found at: <http://www.ucop.edu/financial-accounting/files/StudentFICAGuidelines1.pdf>

2. How do students qualify for a FICA exemption?

In general, a student must be working less than 80% and enrolled in a minimum of 6 units during the academic semester in order to qualify for the exemption. During the Summer Session, the exemption will require registration and enrollment in 3 units by undergraduate students and 3 units by graduate students. Students who do not meet the half-time enrollment requirement will be required to contribute 7.5% of their earnings to the Defined Contribution Plan (DCP) and 1.45% to Medicare. Withholding is not required during intersession and break

periods of 5 weeks or less as long as the student is otherwise eligible for the exception on the last day of classes preceding the break and is eligible to enroll in classes in the academic period following the break.

For a complete outline of the University of California, Office of the President (UCOP) policy and exceptions, please visit <http://www.ucop.edu/financial-accounting/files/StudentFICAGuidelines1.pdf>

3. What if I am a Nonresident alien?

Nonresident alien employees who hold F1 or J1 visas, but meet the qualifications for resident alien status for tax purposes, are subject to DCP/Medicare withholding, unless they meet the minimum course load requirement and have an appointment of less than 80% time. "

4. How does Payroll know how many units I am taking?

UCPath receives a file at the beginning of the semester or during the summer that interfaces from the Student Information System to the UCPath System.

5. How can I verify DCP-Safe Harbor and Medicare was withheld from my payroll earnings?

Access and verify your earning statement deductions online at [UCPath](#). You will see a FICA withholding amount

- Retirement/Savings-DCP Safe Harbor under the "BEFORE-TAX DEDUCTIONS" table
- Social Security -Medicare under the "TAXES" Table on your earnings statement.

6. If I am subject to FICA, how much is deducted from my paycheck?

Students who do not meet the exempt criteria, will be required to contribute 1.45% of their gross earnings to Medicare and 7.5% of their gross earnings to the Defined Contribution Plan (DCP), a tax-deferred University retirement program which is an alternative to OASDI (Social Security).

7. If FICA was incorrectly taken from my paycheck and I believe I qualify for a student exemption, what is the process to get a refund?

For current year refunds:

Please email the Central Payroll office at payhelp@berkeley.edu and include your name, employee ID, pay date(s) in question, amounts taken and provide a copy of your earning statement(s). We will review your record and verify that you qualify for an exemption. If you are due a refund, we will process the payment and notify you when your payment will be available.

For prior year refunds:

You have the following options:

To obtain a refund of Medicare Deductions:

You may contact the Internal Revenue Service directly to [file a claim](#) for the 1.45% Medicare deducted from your payroll gross pay.

Please be aware you will have to file a claim for each applicable tax year.

Mail form 843 along with required documents to:

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0005

To obtain a refund of DCP-Safe Harbor deductions:

“The Internal Revenue Code permits participants to take a distribution from the DC Plan Pretax Account only when they are no longer working for UC in any capacity. This rule also applies to student employees who, because of a change in their course load, become exempt from plan participation but are still employed by UC in any wage-earning capacity.”

These options are available to you when you terminate UC employment?

- Keep your money in the Plan if your balance is at least \$2,000;
- Arrange for a direct rollover of your money to a traditional or Roth IRA or another employer plan that accepts rollovers;
- Request a distribution to be paid directly to you
- Receive periodic payments from the Plan;
- Arrange to purchase an annuity through UC’s group insurance contract.

For more information regarding your DCP Plan, please visit the UCNET website. For information about the tax treatment and potential penalties of plan distributions, contact Fidelity Retirement Services online at <https://www.myuciretirement.com/> or call the toll-free number: 1-866-682-7787. Fidelity Retirement Services representatives are available Monday through Friday, from 5 a.m. to 9 p.m. Pacific time.

For questions regarding the 843 form to request a Medicare refund, please review the information via the link provided above to the IRS website.

8. Why are there situations in which FICA was incorrectly withheld from a student who qualifies for a FICA exemption?

- The student employee enrolled or registered late and therefore the payroll system did not have the employee’s registered units to verify FICA exemption at the time the employee was paid.
- The automated process that compares the employee’s information in the Payroll system with that in the student information system identified a discrepancy which prevented the FICA exemption.
- The employee’s employment information in the HR system which states the percentage the employee is working is not correct or was not updated timely.

9. Who can I contact if I have additional questions?

You may email the Central Payroll office at payhelp@berkeley.edu. Please provide your name, employee ID number, and as much information as possible such as the pay date you are concerned about.