**Responsible Executive:** Finance and Administration

**Approving Official:** Vice President for Finance and Administration

**Effective Date:** February 9, 2022

**Revision History:** New as Policy 4-OP-D-5 FICA Policy and Student Enrollment  February 9, 2022  Readopted: August 1 ,2014 (at that time policy was titled Research Policy 7A-13

1. **Introduction**
   1. **Objective**
      1. This policy is meant to implement the provisions of the Social Security Act which provides an exemption from FICA taxes to enrolled students who are regularly attending classes while employed by the University and whose employment is incidental to their pursuit of a degree. This exemption does not apply to professional employees who may take courses or pursue a degree while employed by the University.

If the employee does not meet the criteria for the student FICA exemption during any given pay period, the employee is required to have FICA taxes withheld from their wages during the pay period of ineligibility. IRS regulations mandate that those employees in certain temporary positions who are not covered by the Florida Retirement System must participate in the FICA Alternative Plan in lieu of earning credit for Social Security. These employees must still contribute to Medicare.

* 1. **Definitions**
     1. *FICA taxes* – Refers to both Social Security and Medicare taxes

*FICA Alternative Plan* – A defined contribution plan authorized under Section 401(a) of the Internal Revenue Code. Employees in certain temporary positions are mandated to participate in lieu of earning credit for Social Security.

*Hospital Insurance* – Official name for Medicare; imposes taxes on employees and employers equal to a percentage of the wages received by an individual with respect to employment

*Old-Age, Survivors, and Disability Insurance (OASDI)* – The official name for Social Security; imposes taxes on employees and employers equal to a percentage of the wages received by an individual with respect to employment

*Professional Employee* – One whose primary duties consist of work requiring knowledge of an advanced type in a field of science or learning, whose work requires consistent exercise of discretion and judgment, and whose work is predominantly intellectual and varied in character

*Student* – In order to have the status of a student for the purposes of the exemption, the employee must perform services, which are incident to and for the purpose of pursuing a course of study, in the employ of a school, college, or university at which the employee is enrolled and regularly attending classes in pursuit of a course of study

1. **Policy**
   1. **Enrollment**
      1. Undergraduate students are exempt from FICA taxes for any given period if they are enrolled in courses at least half-time and working less than 30 hours per week for the pay period in question. Part-time enrollment status is determined on a per-pay period basis. In order to meet the FICA exemption eligibility, undergraduate students must meet half-time enrollment status in each pay period.
      2. For undergraduate students, half-time enrollment is defined as:
         1. Fall term for undergraduate students, six hours
         2. Spring term for undergraduate students, six hours
         3. Summer term for undergraduate students, three hours
      3. Undergraduate special circumstances: An undergraduate student in the final term could be enrolled for fewer than the minimum required hours with certification of final-term status and approval by the academic dean
      4. Graduate Students are exempt from FICA taxes for any given period if they are enrolled in courses at least half-time and working less than 30 hours per week for the pay period in question. Half-time enrollment status is determined on a per-pay period basis. In order to meet the FICA exemption eligibility, graduate students must meet half-time enrollment status in each pay period.
      5. For graduate students, half-time enrollment is defined as
         1. Fall term for graduate students, five hours
         2. Spring term for graduate students, five hours
         3. Summer term for graduate students, three hours
      6. Graduate special circumstances: A graduate student in the final term may be enrolled for fewer than the minimum required hours with certification of final term status and approval by the academic dean.
      7. Doctoral Students who have completed course work and passed their preliminary exams are officially admitted to doctoral candidacy. Doctoral students at this stage of dissertation advisement who are enrolled in least one hour of dissertation are eligible for the FICA exemption for the term enrolled.
   2. **Ineligibility for Full-time Employment**  
      IRS regulations indicate that a full-time employee is ineligible for the student FICA exemption. Whether an employee is a full-time employee is based on the employer’s standards and practices. FSU uses 30 hours as a determination for full-time employment for the purposes of the FICA exemption. Accordingly, departments are advised that employees with aggregate appointments of less than 0.75 FTE should not be allowed or scheduled to work 30 or more hours per week except in emergency or unforeseen situations.
   3. **Graduate Assistantships Between Semesters**  
      Although graduate students with assistantships may be unfunded between semesters, they are not considered unemployed because of their intent to continue their education and related employment in future semesters. For that reason, graduate students with assistantships maintain their requirement to participate in FICA unless otherwise exempted.
2. **Legal Support, Justification, and Review of this Policy**
   1. Social Security Act  
      Internal Revenue Code Section 3121   
      Internal Revenue Code Section 3101  
      Internal Revenue Code Section 3111  
      Treasury Regulation Section 31.3121(b)(10)-2   
      Revenue Procedure 2005-11  
      FSU Policy 4-OP-C-7-C10 – 401(a) FICA Alternative Plan
   2. The Vice President for Finance and Administration shall be responsible for review of this policy and for making any necessary revisions.