

What are the procedures to determine the student FICA exception?

Students employed by the University (who are not members of UCRP) must be enrolled at least half-time¹, as defined under the Department of Education regulations, to qualify for the FICA exception.² Student employees not enrolled at least half-time must contribute 7.50% of their earnings to DCP and 1.45% to Medicare. Student employees who meet the following requirements are not subject to DCP/Medicare withholding.

1. Minimum Number of Units – Undergraduate Students

To be considered exempt from withholding, undergraduate students must be enrolled in a minimum of 6 units, in accordance with the Department of Education regulations.

2. Minimum Number of Units – Graduate Students

The minimum number of units required for a graduate student to be exempt from withholding is based on the half-time enrollment requirement established at each campus. Graduate students enrolled and approved for advancement to doctoral candidacy (i.e., Doctoral II students) are not subject to a units requirement during the academic year, inasmuch as the preparation of a dissertation satisfies the half-time enrollment requirement.

3. Work Requirement

A student working for the University who has a total active appointment percentage (including both fixed and variable appointments) of 80% time or more for any part of the month, is not eligible for the FICA exception.

4. Summer Enrollment

A student employed during the summer is subject to withholding, unless the student is taking the minimum number of units established for Summer Session and not employed at 80% time or greater.

5. Employment During Intersession and Breaks

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.

¹ If a student is enrolled less than half-time, the student can still be eligible if he is in his last semester or quarter of a course of study, and is enrolled in the number of units needed to complete the requirements of obtaining a degree.

² The exception applies to all services performed during all payroll periods of a month or less that fall wholly or partially within the academic term.

6. Student in Final Term Prior to Graduation

The student FICA exception will **not** be granted if the number of units is less than the minimum number of units required for half-time status in any term. For undergraduates, the student FICA exception will **not** be granted if the number of units is less than six in any full term. If the undergraduate student's last term is in the summer or similar term of shorter length, then the FICA exception will not be granted if the credit hours are less than three.

If the student was in his last term prior to graduating **and** took less than the minimum number of units required for half-time status, then he can request a refund of his FICA taxes from the IRS when filing his income tax return.

Campus requests for exceptions to these procedures must be submitted to the Associate Vice President and Systemwide Controller for approval.