



## Income Tax Reminders

### *Retirees and Payees*

As we enter tax season, CCCERA wants to remind retirees about their right to increase, decrease, start or stop federal and/or state income tax withholding from their monthly retirement benefit.

If you reside in the United States, you are not required to have federal tax withheld from your monthly payments; however, if you choose to exempt yourself from withholding, you may need to pay any required taxes through other methods, such as quarterly installments. Please note, there is mandatory withholding on pension payments delivered outside the United States.

Changes can be made at any time by submitting the *Withholding Certificates for Pension Payments Form* (Form 210), available at [cccera.org/forms](http://cccera.org/forms). This form allows you to:

- Discontinue federal/state income tax withholding from your monthly retirement allowance.
- Withhold federal/state income tax based on a set number of allowances, and a specific marital status.
- Withhold a specific amount from your monthly pension payment (state tax only).
- Withhold an additional amount from each monthly pension payment.

Changes received before the 20<sup>th</sup> of each month will be effective the following month. If your current withholding elections are good, they will remain in effect and no action is required. If your withholding and estimated tax payments do not adequately meet your tax liabilities, penalties under the estimated tax rules may apply.

### What about state taxes?

Monthly payments made to CCCERA retirees living in California are subject to California income tax. CCCERA payments to retirees living outside California may not be subject to California income tax, but benefits may be subject to other state taxes. Check with a tax professional, the State of California Franchise Tax Board or your state department of revenue for information on your individual tax situation as CCCERA cannot give personal tax advice to members.

### Did you receive two 1099-R tax forms?

There are two reasons why you may receive two 1099-R tax forms for the 2017 tax year:

- You turned 59½ during 2017 — one 1099-R reflects the payments to you for part of the year that you were under 59½ and the second 1099-R reflects the payments to you for part of the year that you were over 59½.
- You retired under the age of 59½ and returned to work for your employer within 90 days of your retirement date for part of the year.

### How will the new tax law impact me?

Changes from the new 2018 Internal Revenue Service (IRS) federal withholding tables were reflected on the February 1, 2018 retirement benefit. If you have questions on how the new tax law will impact your specific tax situation, please contact your financial advisor as CCCERA cannot provide tax analysis or advice. Please refer to your latest retirement benefit advice for your existing tax withholding elections.

# COLA Effective April 1

## Retirees and Payees

CCCERA retirees and their survivors will receive a 2018 cost-of-living adjustment (COLA) in their monthly benefit effective April 1, 2018. The new amount will be reflected in May 1, 2018 benefit payments.

The Retirement Board voted to adopt the COLA presented by Segal Consulting, CCCERA's actuary, at the January 24, 2018 board meeting. The COLA applies to every retirement allowance, optional death allowance and survivor allowance effective on or before March 31, 2018.

Your COLA increase is based on several factors:

- San Francisco-Oakland-San Jose area CPI (Consumer Price Index)
- Your COLA Bank
- Your retirement tier
- Your date of retirement

Under the County Employees Retirement Law (CERL), there is a cap on the amount CCCERA may increase your benefit. If the inflation rate (measured by the change in CPI) is higher than this cap, the remainder is banked, then applied if the change in a future CPI is lower than the cap. This helps stabilize the COLA from year to year. The percentage CCCERA can increase your benefit is determined by the law that applies to your retirement tier.

The COLA helps maintain the value of pension payments in terms of purchasing power. If the annual cost of living goes up, retirees see an increase in their benefit. However, if the cost of living goes down, the COLA may decrease your benefit payment. The cost-of-living factor used by CCCERA is determined by comparing the December CPI for the San Francisco-Oakland-San Jose area over the past two years (2017 and 2016), and rounding the change to the nearest one-half of one percent.

## 2018 COLA Adjustments

Retirement Tier	COLA
<b>Tier 1<sup>1</sup></b>	
Retired on or after April 1, 1985	3.0%
Retired before April 1, 1985	3.0%
<b>Tier 2<sup>2</sup></b>	3.0%
<b>Tier 3 (Disability Only)<sup>2</sup></b>	3.0%
<b>Tier 3 (Service Retirement Only)<sup>1</sup></b>	3.0%
<b>Safety Tier A<sup>1</sup></b>	
Retired on or after April 1, 1985	3.0%
Retired before April 1, 1985	3.0%
<b>Safety Tier C<sup>3</sup></b>	2.0%
<b>Tier 4 (2% Maximum COLA)<sup>3</sup></b>	2.0%
<b>Tier 4 (3% Maximum COLA)<sup>1</sup></b>	3.0%
<b>Tier 5 (Disability Only with 4% Maximum COLA)<sup>2</sup></b>	3.0%
<b>Tier 5 (2% Maximum COLA)<sup>3</sup></b>	2.0%
<b>Tier 5 (Service Retirement Only with 3% Maximum COLA)<sup>1</sup></b>	3.0%
<b>Safety Tier D<sup>1</sup></b>	3.0%
<b>Safety Tier E<sup>3</sup></b>	2.0%

COLA provisions in CERL are determined by the following Government Codes: <sup>1</sup>Gov. Code 31870.1; members retired before April 1, 1985; <sup>2</sup>Gov. Code 31870.3; <sup>3</sup>Gov. Code 31870.

## Estimate your 2018 monthly retirement benefit

1 Enter your most recent monthly gross amount. \$ \_\_\_\_\_

Find this amount on your latest pay advice (see example, below). i.e. \$1,100

Gross Pay		
DESCRIPTION	CURRENT	YTD
Pension-Tier 1	\$1000.00	\$2000.00
Tier 1 Cost of Living	\$ 100.00	\$ 200.00
<b>TOTAL</b>	<b>\$1,100.00</b>	<b>\$ 2,200.00</b>

2 Enter the decimal form of your COLA percentage for 2018 (see 2018 COLA Adjustment table, above). \_\_\_\_\_ i.e. 1.03

For example, a 3% COLA is expressed as 1.03 and a 2% COLA is expressed as 1.02.

3 **Multiply** line 1 by line 2 and enter the result here. This is your estimated 2018 monthly retirement benefit, beginning May 1, 2018. \$ \_\_\_\_\_ i.e. \$1,133

## Verification Letters

---

*Retirees and Payees*

CCCERA recently mailed a verification of benefits letter and form. If you received this letter, please respond promptly. Only a select group of retired members received this letter. If you did not receive this letter, no action is needed.

## Update Your Information

---

*Retirees and Payees, Active Members*

CCCERA would like to remind all members to keep their information up to date.

**For retirees and payees**, this could include important documents such as current identification cards and power of attorney, as they could affect the timeliness of your benefit. Copies of these documents can be mailed to CCCERA.

You may also print and mail the following forms from [cccera.org/forms](http://cccera.org/forms) to update your address or electronic funds transfer:

- *Member Mailing Address Change Form* (Form 301)
- *Electronic Funds Transfer Form* (Form 209)

**All members** should consider updating their beneficiary after a life change such as a marriage or divorce. To update your beneficiary, print and mail the *Beneficiary Designation Form* (Form 102) from [cccera.org/forms](http://cccera.org/forms).

Please note, CCCERA can only accept original forms. Forms cannot be photocopied or submitted electronically.

## About AB 197

---

*Retirees and Payees, Active Members*

On September 12, 2012, the governor signed into law Assembly Bill 197, with an effective date of January 1, 2013. The measure changed how county retirement boards were permitted to calculate their current members' retirement allowances. In November 2012, members and

their representative bargaining units filed a lawsuit challenging the validity of the new law. By operation of a court-imposed stay order, CCCERA was prohibited from implementing the new law during the course of the litigation. On May 12, 2014, the Contra Costa County Superior Court entered a judgment in the litigation and a writ directing CCCERA to proceed to comply with AB 197.

On January 8, 2018, the Court of Appeals issued a decision which CCCERA is in the process of analyzing. At this time there are no changes in the manner in which CCCERA is currently calculating retirement allowances. Once CCCERA has additional information it will be provided on the CCCERA website at [cccera.org/post/ab-197](http://cccera.org/post/ab-197).

## Our Investment Strategy

---

*Retirees and Payees, Active Members*

CCCERA is in the final stages of implementing a new asset allocation for the fund. Our new approach focuses on three goals: liquidity to meet four years of projected retiree benefits, a long-term growth allocation to meet the needs of future retirees, and a diversifying program to allow flexibility to respond to any significant downturn in equity markets. This approach aligns the investment program with our operational needs. For more information, visit [cccera.org/investments](http://cccera.org/investments).

## Preparing For Retirement

---

*Active Members*

Close to retirement? Visit [cccera.org](http://cccera.org) to use our pension calculator, read the benefit handbook, and find information on reciprocity. Consider reviewing your annual benefit statement; mailed in early summer, this document contains information about your tier, years of service and beneficiaries. Finally, streamline your retirement by mailing CCCERA copies of marriage dissolutions, your beneficiary(ies) and your own birth certificate or passport, Social Security cards, and Secretary of State Domestic Partnership Certificates. These documents are required to process your benefit or lump sum payment at termination.



PRESORTED STANDARD  
U.S. POSTAGE  
PAID  
OAKLAND, CA  
PERMIT # 3729

1355 Willow Way, Suite 221, Concord, CA 94520  
Phone: (925) 521-3960 Fax: (925) 521-3969  
cccera.org

### Call or Visit Our Office

CCCERA is open Monday to Friday, from 8 a.m. to 5 p.m. The office is closed from noon to 12:30 p.m.

## 2018 CALENDAR DATES

### HOLIDAY SCHEDULE

CCCERA will be closed:

**February 19**  
President's Day

**May 28**  
Memorial Day

### GROUP COUNSELING

**February 22**, 9 a.m. to 11 a.m.  
**March 22**, 3 p.m. to 5 p.m.

### UPCOMING BOARD MEETINGS

**February 28**                      **April 25**  
**March 14**                        **May 9**  
**March 28**                        **May 23**  
**April 11**                         **June 13**

### 2018 RETIREE PAYROLL DATES

Month	Pay Date	Month	Pay Date
January	February 1	July	August 1
February	March 1	August	September 4
March	April 2	September	October 1
April	May 1	October	November 1
May	June 1	November	December 3
June	July 2	December	January 1

### NOTICE

*This newsletter is intended to provide members with general information about the benefits available through CCCERA, but it does not describe every plan provision in detail. CCCERA is governed by the County Employees' Retirement Law of 1937 (CERL, Government Code Section 31450 et. seq.) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). The laws governing public retirement systems are complex. If conflict arises between this newsletter and the law, the law shall govern.*