



## 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 2018 tax year:

- You turned 59½ during 2018 — 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.

# COLA Effective April 1

## Retirees and Payees

CCCERA retirees and their survivors will receive a 2019 cost-of-living adjustment (COLA) in their monthly benefit effective April 1, 2019. The *new* amount will be reflected in May 1, 2019 benefit payments.

The Retirement Board voted to adopt the COLA presented by Segal Consulting, CCCERA's actuary, at the January 23, 2019 board meeting. The COLA applies to every retirement allowance, optional death allowance and survivor allowance effective on or before March 31, 2019.

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 (2018 and 2017), and rounding the change to the nearest one-half of one percent.

## 2019 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>	4.0%
<b>Tier 3 (Disability Retirement Only)<sup>2</sup></b>	4.0%
<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 Retirement Only with 4% Maximum COLA)<sup>2</sup></b>	4.0%
<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 2019 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 2019 (see 2019 COLA Adjustment table, above), plus 1.00. \_\_\_\_\_   
i.e. 1.03

For example, a 3% COLA is expressed as 0.03. You would take that 0.03 and add 1.00 — making the total 1.03. Likewise, for a 2% COLA, you would use 1.02.

- 3 **Multiply** line 1 by line 2 and enter the result here. This is your estimated 2019 monthly retirement benefit, beginning May 1, 2019. \$ \_\_\_\_\_   
i.e. \$1,133

## Update Your Information

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*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, electronic funds transfer, or withholding:

- *Member Mailing Address Change Form* (Form 301)
- *Electronic Funds Transfer Form* (Form 209)
- *Withholding Certificates for Pension Payments Form* (Form 210)

**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) or *Retiree Change of Beneficiary Form* (Form 206) from [cccera.org/forms](http://cccera.org/forms).

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

## Investment Performance

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*Retirees and Payees, Active Members*

As of September 30, 2018, CCCERA's ending market value of the total fund portfolio was \$8.4 billion. The total fund gain was 6.2%, greater than the benchmark return of 5.5%. Over the trailing five year period, the total fund gain was 8.0%, well above the targeted return of 7.8% policy index and higher than the median public fund return of 7.6%.

For more information, visit [cccera.org/investments](http://cccera.org/investments).

## Sign Up for Email Updates

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*Retirees and Payees, Active Members*

Are you interested in retirement board meetings? Sign up to receive email notifications whenever agendas are available at [cccera.org/emailupdates](http://cccera.org/emailupdates). You can also sign up for employer updates, newsletter notifications, active member updates and retiree member updates.

## Preparing for Retirement

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*Active Members*

Prospective retirees should consider these steps:

- Visit [cccera.org](http://cccera.org) to use our pension calculator, read the benefit handbook, and find information on reciprocity.
- Review your annual benefit statement; mailed in early summer, this document contains information about your tier, years of service and beneficiaries.
- 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.

Questions? Email us at [info@cccera.org](mailto:info@cccera.org).

## Notice

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*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.*



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**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.

**2019 CALENDAR DATES**

**HOLIDAY SCHEDULE**

CCCERA will be closed:

- May 27**  
Memorial Day
- July 4**  
Independence Day
- September 2**  
Labor Day

**2019 RETIREE PAYROLL DATES**

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

**PRE-RETIREMENT WORKSHOPS**

Workshops fill up fast. Please call CCCERA for availability and to sign up.

- March 21**, 3 p.m. to 5 p.m.
- June 27**, 9 a.m. to 11 a.m.
- July 25**, 3 p.m. to 5 p.m.
- August 22**, 9 a.m. to 11 a.m.
- September 24**, 9 a.m. to 11 a.m.
- October 17**, 9 a.m. to 11 a.m.
- October 29**, 9 a.m. to 11 a.m.

**UPCOMING BOARD MEETINGS**

- February 27**
- March 13**
- March 27**
- April 10**
- April 24**
- May 1**
- May 22**
- June 12**
- June 26**