



Federal Tax Changes July '09

New Tax Withholding Tables Address Potential of Under-Withholding on Retirement Benefit Payments

In response to recent concerns regarding legislation passed earlier this year, the IRS has reissued new tax withholding tables for retiree and/or beneficiary payments.

The new tax withholding tables replace those issued in February 2009 after Congress enacted the American Recovery and Reinvestment Act, which reduced the amount of federal income tax withheld from retirement benefits. Among the many provisions in the legislation was a Making Work Pay tax credit. However, because the tax credit is not applicable to most retirees and/or beneficiaries, the IRS determined it may cause under-withholding of federal taxes on retirement benefit payments.

Upon identifying this concern, the IRS has issued the new withholding calculations to account for the tax credit and minimize the potential of under-withholding of federal taxes by retirees and/or beneficiaries.

SBCERA will use these newly issued tax withholding tables for retiree and/or beneficiary payments beginning with July 31, 2009 payments. If you have elected to use the IRS tax withholding tables, you may see a change in your tax withholding and benefit payment amount.

For more information about the new federal tax withholding tables, we encourage you to consult a tax advisor. If you wish to change the amount of federal (or state) taxes withheld from your SBCERA benefit payment, you may access and complete a **SBCERA Tax Withholding Election Form** by clicking on the following link: http://www.sbcera.org/pdf_files/Tax_Withholding_Election_Form.pdf or by calling SBCERA at (877) 722-3721 or (909) 885-7980.