



San Joaquin County Employees' Retirement Association

Required Notice about the Tax Equity and Fiscal Responsibility Act of 1982

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requires that SJCERA remind you each year that the retirement benefit SJCERA pays you, is subject to federal income tax, with limited exceptions. Some service-connected disability retirement benefits may not be taxable.

No action is required unless you wish to change your Federal and/or State withholdings.

You may elect to change or discontinue federal and/or state income tax withholding from your SJCERA benefit payment as often as you wish. To make a change, submit the IRS Form W-4P Withholding Certificate and/or Form DE 4P California Withholding Certificate, available on the Forms and Publications page of www.sjcera.org. Your election will remain in effect until you change or revoke it by submitting one or both of these forms. Forms must be received by the 15th to be effective on the next pay date.

If you choose not to withhold taxes from your benefit payment, or if you do not have enough federal income tax withheld from your benefit, you may be responsible for payment of estimated tax. You may incur penalties if your withholding or estimated tax payments are not sufficient to meet IRS requirements. Withholding only applies to the taxable portion of your benefit payment. To view and download the IRS Publication 15-A that contains the new withholding percentage and wage bracket tables visit: www.irs.gov/pub/irs-pdf/p15a.pdf

Special federal tax rules may apply for payments to foreign persons and payments outside the United States. If you are a foreign person (Non-Resident Alien), or if you are a U.S. Citizen, or other U.S. Person living abroad, or if your monthly SJCERA payments are sent to a non-U.S. financial institution or mailing address, additional documentation is required. If the appropriate forms/documents are not on file with SJCERA, you may be subject to a 30 percent withholding.

Withholding decisions can be complicated. **If you have any questions regarding your tax withholding, please contact your tax professional.** SJCERA does not provide tax advice.