



## County Employees' Retirement Fund

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# Clerk Bulletin

January 2016

## Required Minimum Distribution Rule

If you have any employees who terminated in 2015 and were at least 70-1/2 years old at year end, CERF is required to pay either a refund of their contributions, or a pension payment, NO LATER THAN APRIL 1, 2016. Therefore, we have to receive termination forms in our office as soon as possible in order to meet the April 1, 2016 deadline.

Remember, according to the IRS' Required Minimum Distribution ("RMD") Rule, a vested or non-vested member must begin receiving a required minimum distribution of his or her pension benefit, or a refund of contributions, by **April 1** of the calendar year following *the later of* the year in which the member reaches age 70-1/2, or the year in which the member separates from service. If a vested member has not applied for pension benefits prior to this deadline, the only option available to that member will be a single life annuity, **with no survivor option**. Further, if a non-vested member has not applied for a refund of contributions prior to the April 1 deadline, the only method of payment available will be a direct distribution with 20% federal taxes withheld.

## 2015 Information

Salary, hours and employee contribution information for 2015 should be submitted to CERF as soon as possible so that matching funds can be paid on all eligible 457 Plan contributions. In order for your employees participating in the 457 Plan to receive the full benefit of the CERF match, all 2015 salaries and contributions (and any corrections to salaries previously reported) must be processed by CERF no later than February 29, 2016. As a result, CERF must receive all information in its office no later than February 15, 2016 in an effort to address any questions related to the information submitted prior to the February 29th deadline. **The amount of matching contributions paid by CERF will be based on information that the CAO has posted as of February 29, 2016, and will not be adjusted upward if the information or records submitted are shown to be incomplete or inaccurate, or if additional 457 Plan contributions for 2015 are deposited into employee accounts after that date. The Board will, however, be entitled to recover any amounts *over-credited* to an employee's matching account (and earnings thereon) if the employer has provided inaccurate records or information regarding the amount of an employee's contributions to the 457 Plan.**

Additionally, any corrections or submissions to Empower Retirement (formerly Great-West) for the 457 Plan need to be received by Empower no later than February 29, 2016.

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**Pre-tax Contributions**

Please make sure your payroll deductions for the pre-tax contributions to the CERF Pension Plan, 457 Savings Plan, and the .7% to the 401(a) component of the Savings Plan (non-LAGERS employees only) are set up to be exempt **ONLY** from state and federal income taxes. **The contributions ARE subject to Social Security, Medicare, and unemployment taxes.**

<u>LAGERS EMPLOYEES</u>	<u>EXAMPLE</u>	<u>NON-LAGERS EMPLOYEES</u>
1,000.00	Gross Salary	1,000.00
-40.00	CERF Contribution*	-60.00
N/A	.7% (401(a) Savings Plan)	-7.00
-100.00	457 Plan	-100.00
860.00	← Amount Used to Calculate State & Federal Income Taxes →	833.00
	*Rate based on employees hired on or after 2/25/2002	

**Revised Form**

The Form SV – Verification of Participant’s Salary, Hours and Contributions was recently updated by adding 2016. The revised form is now available on our website. Please discard the older version and replace them with the revised form, Version 1.7.

**THANKS FOR YOUR HELP IN 2015, AND WE LOOK FORWARD TO WORKING WITH YOU IN THE NEW YEAR!**

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