



Retirees FYI

www.richmondgov.com/retirement

Fall 2009

Is Returning to Work Right for You?

Factors you may want to consider before returning to work.



The U.S. Bureau of Labor Statistics reported that between 1997 and 2007, the number of workers age 65 and older increased 101 percent as compared to 59 percent for workers age 16 and older. Further, the number of workers age 65 and older is expected to continue to rise by more than 80 percent by 2016.

Poor economic conditions have made it difficult for some retirees to avoid returning to work. However, should you be one of those considering a return to work, here are a few things to consider to help determine what's best for you.

Higher Income Tax Bracket

A common pitfall working retirees frequently fail

to consider is that working during retirement may move them into a higher tax bracket. "People forget that any extra distributions or (pension) benefits they receive on top of their salary also count as income," says Kevin Seibert, managing director of the Lubbock, Texas-based think tank, the International Foundation for Retirement Education. "It's taxable, just like their regular salaries."

Working senior citizens sometimes find themselves in a higher tax bracket in one of two ways -- by receiving pension payments on top of a regular salary or Social Security benefits while continuing to work says Siebert.

Yolanda M. York, a spokeswoman for the Social Security Administration confirms that receiving Social Security benefits while working can have a negative effect on ones taxes. While single filers with total adjusted gross incomes of under \$25,000 per year (\$32,000 for married couples filing jointly) for the 2009 tax year won't have to pay income tax on their Social Security benefits, those earning more can lose up to 85 percent of their benefits to income tax alone.

Social Security Benefits

Ken Steele, a Metlife senior financial planner based in Waltham, Mass., says that income tax isn't the only place where working seniors can lose money. Those who sign up for Social Security before the full retirement age will probably have their benefits withheld if they're also earning salaries.

"With Social Security, you're only allowed to earn about \$14,160 (in 2009) before you start giving back \$1 of Social Security for every \$2 you earn," says Steele.

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Executive Communiqué

Philip R. Langham
Executive Director

Welcome to the latest issue of “Retirees FYI”. In this edition, we highlight important information for retirees considering a return to work as the economy stabilizes. As we approach the end of the tax year, we all confront tax implications and thus, we put our focus on providing you with a comprehensive guide to understanding your 2009 year end tax forms as well as an article highlighting the Healthcare Enhancement for Local Public Safety (HELPS) Retirees Act that offers tax benefits for qualifying Sworn Public Safety Officers.

If you stopped by our Offices lately, you may have seen a new face in Natasha Neagu, my new Deputy Director. She is well qualified for the challenges of the position and I am pleased to welcome her to the City of Richmond Retirement System.

Please note that the “Retirees FYI” newsletter is available on our web site at www.richmondgov.com/retirement. I continue to encourage you to visit our web site for the latest news on the Richmond Retirement System. ❖

Seniors Preference for the H1N1 Flu Vaccine

Centers for Disease Control and Prevention officials have said that those over the age of 65 are less likely to contract the H1N1 flu and thus, are lower in priority for vaccination. Once the vaccine has been offered to priority groups and as more doses are available in the coming months, people ages 65 and older will be eligible to receive the vaccination as well. For your information, children

and young adults are at the top of the list for the new vaccine. For more information on this subject including the latest news, please visit the CDC web site at: <http://www.cdc.gov/h1n1flu> ❖

Safe Convenient Service with Direct Deposit

You can help to ensure the safe and efficient payment of your pension benefit -- it's called Direct Deposit and has been proven safe, efficient, and timely. For those still receiving a check, the risk of lost, stolen checks, time, and heartache are present to replace your check. Retirement System procedures for both methods of payment are:

Direct Deposit

Retirees who receive their pension payments through direct deposit and wish to change their bank or bank account must submit a new Direct Deposit Authorization Form to the Retirement System. Authorization forms received on or before the 15th of the month are processed that month, whereas authorization forms received after the 15th of the month are processed in the following month. A check will be received in the mail during the month in which the Direct Deposit Authorization form is processed, and subsequent pension payments will be made by direct deposit to the new bank.

Replacement Checks

Retirees still receiving monthly pension payments via check through the mail accept responsibility for any delay in availability of funds because of lost or stolen checks. A request of the bank to stop payment will not be made until 10 business days after check issue. Three to five (3 to 5) business days after the 10th day is needed to reissue a replacement check.

You can avoid any delay in your payment by using the Direct Deposit Program. Direct Deposit Authorization Forms can be located at the Richmond Retirement System web site at: <http://www.richmondgov.com/retirement>. ❖

When Will I Receive My End of Year 1099R Tax Form?

Federal 1099-R tax forms will be mailed to City retirees by the end of January. Should you not receive a 1099-R by February 15th, please notify our Fiscal Unit at the Richmond Retirement System.

Tax forms will be sent to your address of record at the Retirement System. Address changes can be made by completing an address change form which is located on our web site.

You can also make changes to your Federal and/or State tax withholding status by completing the appropriate forms and returning them to us. Please visit the "Forms" Section of the Richmond Retirement System web site to find the appropriate Federal W-4P or State VA-4P tax form.

You can find more Federal and Virginia tax information online at www.irs.gov and www.tax.virginia.gov.

For your information, the 1099-R form displays:

- The annual amount paid of your pension;
- Any cost-of-living increases;
- The taxable portion of your benefit;
- Total federal and state tax withholding for the year;
- The non-taxable amount of your pension;
- Your retirement status whether service retirement, disability retirement, or any portion paid to a survivor. ❖

How to Read Your Federal 1099-R Tax Form

Box 1 - Gross Benefits RRS paid to you in 2009. Includes the total of your monthly benefit and cost-of-living increases you were paid before income tax and other deductions were withheld.

Box 4 - Total amount of federal income tax withheld in 2009. Based on the total number of exemptions reported on your Form W-4P, Withholding Certification for Pension or Annuity Payments.

Box 2a - Total taxable amount of your benefit.

Box 5 - Amount of your benefit that is not subject to tax. Includes any contributions you made to RRS on which you already paid income taxes.

Box 10 - Total amount of state taxes withheld in 2009. Based on the total number of exemptions reported on your Form VA-4P, Withholding Exemption Certification for Recipients of Pension and Annuity Payments.

Important Times to Contact or Update Your Information With Us

We need your information so that we can work on your behalf. The most common and important life events that make it essential to keep us up to date:

Address, Tax or Direct Deposit Changes - Most changes may be made by downloading the appropriate form from the RRS web site at www.richmondgov.com/retirement and mailing or faxing it to: (Mail) Richmond Retirement System, 900 E. Broad St., Room 400, Richmond, VA 23219 or (Fax) 804 - 646 - 5299.

Death - Beneficiaries or Estate Appointed Executors should notify us immediately upon the death of a pension recipient including for healthcare, death benefits, and life insurance.

Divorce - Notify us immediately if your ex-spouse is enrolled in your insurance or you elected a survivor option with your ex-spouse as beneficiary.

Marriage - Within 30 days of marriage or whenever a dependant spouse remarries. You should complete an Insurance Enrollment/Change Request Form located on the System web site and mail to us with the required documents.

Medicare - Notify us upon medicare eligibility. City retirees who are medicare eligible are no longer eligible for coverage under the City's health insurance policy. However, a spouse or dependent who is not Medicare eligible may continue City health care coverage. ❖

Medicare Open Enrollment

Do you need to make changes or add Medicare coverage?

The open enrollment period for Medicare health and prescription drug coverage begins November 15th and runs through December 31st. During this period retirees who are enrolled in Medicare and Medicare Prescription Drug Plan may make changes in their coverage. Retirees enrolled in a Medicare Advantage Plan or who would like to enroll in an advantage plan may do so during the Medicare Advantage Plan open enrollment January 1st through March 31st.

Remember: City retirees are not eligible for City health insurance once they become Medicare eligible; for most this is age 65. Visit www.medicare.gov or call 1-800-MEDICARE (1-800-633-4227) to get all the details about the options available for Medicare eligible retirees.



Welcome Natasha Neagu

Natasha Neagu joined us in May 2009 as our new Deputy Director. She comes to us from Circuit City, where she served as a Manager in the Payroll Accounting Department. Natasha is a financial management professional who has worked as an auditor for the Commonwealth of Virginia and accountant for Mondial Assistance USA.

She has a Bachelor of Arts degree from the University of Hawaii at Manoa, and a Master of Business Administration degree in Accounting from Virginia Commonwealth University.

She is married with one child and excited to join us to make a difference through public service. ❖

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To avoid losing Social Security to either income tax or through withheld benefits, York advises those planning employment past age 62 to delay drawing their Social Security benefit.

Health Care Options

Those who continue working past the age of 65 have the option of Medicare, their company-sponsored health care plan if available, or a combination of both. While more health care options should translate to fewer out-of-pocket medical expenses, MetLife's Steele says that workers who enroll in Medicare and a company-sponsored plan can actually end up paying more.

Many workers over 65 opt for two health care policies -- Medicare combined with a supplemental company-sponsored insurance plan. Yet the company-sponsored plan alone might prove more beneficial. For example, workers who enroll in Medicare Part D, the prescription drug plan, can get up to \$2,700 worth of prescription drugs coverage before a "coverage gap" starts requiring plan holders to pay for prescriptions out of pocket until the end of the year or until "catastrophic coverage" begins -- when costs reach \$4,350 or more. Workers who stay enrolled in the regular company-sponsored health care plan without Medicare might have those costs covered, but those who switch to Medicare plus a supplemental insurance plan may have to pay out of pocket.

It's very possible that two health care plans can provide less coverage than one, says Steele. "Workers eligible for Medicare need to figure out which health care insurance option works best before staying in the job."

For more information about working in retirement and its fiscal implications visit www.bankrate.com. ❖

Support Your Retirement System

Stay Informed - Reading your Retirees FYI is a great way to stay loaded with information about your benefit, and keeping it as a reference is a great way to stay in the loop.

Take advantage of the convenience of our web site - There is no better location for up-to-date information about the System. User friendly tools such as our "e-forms" allows members the ability to download and complete important forms online.

Keep us informed about you - Address, marriage, divorce, and status changes are important considerations for us to know so that we can support you and your beneficiaries better during retirement and beyond. ❖

Important Tax Info for Retired Public Safety Officers

If you are retired public safety officer, you may be able to exclude a portion of your health insurance premiums from federal income taxes.

The Healthcare Enhancement for Local Public Safety (HELPS) Retirees Act, a provision of the Pension Protection Act of 2006, allows eligible retired public safety officers to exclude up to \$3,000 per year from their retirement income used for qualified health insurance premiums or long-term care insurance premiums. Premiums covering yourself as well as your spouse and/ or dependents are eligible for this exclusion.

Your 1099-R form will show the amount of health insurance premiums deducted from your monthly retirement benefit in 2009, less any health insurance credit you may have received.

Qualifying retired public safety officers may elect to participate in HELPS by submitting a completed HELPS Authorization Form to the RRS office. This form can be found on the forms section of the RRS web site at www.richmondgov.com/retirement. For more information about the HELPS Retirees ACT visit the Internal Revenue Service web site at www.irs.gov, or call toll-free, 1-800-829-1040.

Retirees *FYI*

www.richmondgov.com/retirement

Richmond Retirement System
900 East Broad Street, Room 400
Richmond, VA 23219

09-10	Benefit Payment Schedule	City Holiday Schedule	09-10
Month	Date	Month	Date
October	30th	November	26th & 27th
November	30th	December	24th & 25th
December	31st	January	1st
January	29th	January	18th
February	26th	February	15th
March	31st		

Pension payments are made on the City's last working day of each month.

Richmond Retirement System Offices are closed on City Holidays.