

RETIREE ADVISOR

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Produced for retired members of the Tennessee Consolidated Retirement System

Tax Time is Upon Us

TCRS retirees and beneficiaries who received benefits in 2011 will receive a 1099-R form with this newsletter. Generally, distributions from pensions and annuities are reported on Form 1099-R. To help you with the preparation of your income tax returns, we have provided a sample 1099-R form, to the right, and below we have provided further explanation on important sections you will want to pay special attention:

1. The total TCRS pension benefits you received for the calendar year.

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119		Distribution From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
PAYER'S name, street address, city, state, and ZIP code		1 Gross distribution \$	2011 Form 1099-R	
PAYER'S federal identification number		2a Taxable amount \$		
RECIPIENT'S identification number		2b Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>	
RECIPIENT'S name		3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$	
Street address (including apt. no.)		5 Employee contributions /Designated Roth contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$	
City, state, and ZIP code		7 Distribution code(s)	IRA/SEP SIMPLE <input type="checkbox"/>	8 Other \$ %
1st year of design. Roth contrib.		9a Your percentage of total distribution %	9b Total employee contributions \$	
Account number (see instructions)		10 State tax withheld \$	11 State/Payer's state no.	12 State distribution \$
		13 Local tax withheld \$	14 Name of locality	15 Local distribution \$

Form 1099-R Department of the Treasury - Internal Revenue Service

- 2a. The Taxable Portion of your benefit as calculated by TCRS. Per IRS regulations, we use the simplified general rule to calculate this amount. If you retired before July 1, 1986, the amount of your after-tax contributions has already been excluded from your taxable income and your benefits are now fully taxable. Disability benefits from TCRS are fully taxable until the benefit is converted to a regular retirement benefit at age 60 or death. After age 60, the simplified general rule is used to determine the taxable portion of each payment.
4. The total amount of federal income tax withheld during the year. Forms to change or revoke your withholding election may be obtained by calling or writing TCRS or visiting our website at tcrs.tn.gov.
7. Code identifying the type of distribution being paid (i.e., retirement, disability, beneficiary). If you are a disability retiree, you may be eligible for a disability tax credit. (Refer to IRS Publication 524.) There may be a slight change in your net monthly payment due to annual changes in the IRS tax tables. Additional tax information may be obtained by calling the IRS toll-free at: 1-800-829-1040.

Online Self Service - Coming Soon

This fall, retirees will be able to electronically view payment history details and personal benefit account information, deductions and tax withholdings via the Internet.

Stay tuned to future newsletters detailing this exciting new project.

Tax Withholding Changes



Is the amount of your monthly retirement benefit slightly different than it was last month? If the difference was not because of a health insurance premium change, the amount of your income tax deduction may have been increased due to a change in the IRS withholding tables. If this is the case, you may have received or will receive a letter from TCRS with details about the change.

At any time, you can change the amount of taxes being withheld from your monthly retirement benefit by completing a Substitute Withholding Certificate for Pension or Annuity Payments form. This form can be downloaded at tcrs.tn.gov. You may also send a letter indicating any changes to TCRS, ATTN: Retired Payroll, 502 Deaderick Street, Nashville, TN 37243-0201.

"Age is an issue of mind over matter. If you don't mind ... it doesn't matter."

~ Mark Twain

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Direct Deposit

Are you a TCRS benefit recipient still receiving your benefit check in the mail? Virtually all of the 110,000 TCRS benefit recipients receive their



benefits via direct deposit. A common problem with mailing benefit checks is that there are times when retirees never receive the checks and the checks are not returned to TCRS. Although TCRS can issue replacement checks, the process can take about two weeks.

Direct deposit of your benefits eliminates the potential of lost, stolen or forged checks. Moreover, direct deposit ensures that your benefits are deposited in your checking or savings account even if you are traveling, if you are sick, if the weather is bad or if you have more pressing matters to address. It is absolutely a smart choice to use direct deposit.

Using direct deposit also lowers the state's processing costs, which, in turn, improves the financial condition of the pension fund. It is quite expensive to issue paper checks. There is the obvious cost of the checks, envelopes and postage. Other more expensive costs include reconciling the bank accounts, accounting for outstanding checks, handling forged checks, re-issuing lost or stolen checks and paying banking fees. This cost is why the federal government requires direct deposit or debit cards for Social Security benefits and why many private sector businesses make direct deposit payments rather than issuing checks. At some point in the near future, TCRS will only issue retirement payments via direct deposit or through a debit card. More information will be provided in the future to affected retirees.

In the time it takes to flip a light switch, your retirement check can be deposited into your bank or credit union. Benefit payments made by direct deposit are available in your account on the last working day of the month, whereas benefit payments made by check are mailed the last working day of the month. That means there is a time lag before benefits provided by check become available to you. Direct deposit means no late mail, no trips to the bank and no inconvenience of dealing with lost or stolen checks.

Are you ready to give it a try? We are sure that once you try it, like virtually all of our retirees, you won't ever go back. All we need is your authorization. Call today for a direct deposit form at 1-800-770-8277, option 1, or print one from the TCRS website at: <http://treasury.tn.gov/tcrs/PDFs/tr0265.pdf>

Unclaimed Property

Do you have unclaimed property? Millions of dollars are turned over annually to the State of Tennessee by businesses and organizations that cannot locate the owners. This includes intangible assets such as bank accounts, stock certificates, checks, unclaimed wages, refunds and gift certificates. It is our desire to reunite this unclaimed property with the rightful owner. To determine if the State of Tennessee is holding any of your property, please visit the Unclaimed Property website at: <http://treasury.tn.gov/unclaim/>

"Years wrinkle the skin, but to give up interest wrinkles the soul."

~ Douglas MacArthur

Contacting TCRS

Your calls are extremely important to us. Our office hours are Monday through Friday, 8:00 a.m. - 4:30 p.m. Central time. You may find that 8:00 a.m. to 9:00 a.m. is the best time of day to call.



TCRS has an automated system for your convenience. Our toll-free number is 1-800-770-8277. When calling this number, you will be given the following menu options:

<u>Selection #</u>	<u>Service Area Desired</u>
1	Retirement Counseling and Beneficiary Changes
2	Benefits and Prior Service Questions
3	Retired Payroll, Refunds and Account Balances
4	Retirement Insurance and the Flexible Benefits Program
5	Death Benefits Area
6	Disability Retirement

Email us with your questions at:

Counseling TCRS.Counseling@tn.gov

Benefits & Prior Service
TCRS.Member-Services@tn.gov

Payroll TCRS.Financial@tn.gov

2012 DIRECT DEPOSIT PAYMENT SCHEDULE

January	31	April	30	July	31	October	31
February	29	May	31	August	31	November	30
March	30	June	29	September	28	December	31