

# New Tax Rules for 2009

## American Recovery and Reinvestment Act of 2009

New withholding tables may reduce the amount of federal income taxes withheld from your retirement benefits. The new tables, prescribed by the Department of Treasury, reflect provisions of the American Recovery and Reinvestment Act of 2009 (also known as the stimulus package). These provisions may also affect your 2009 federal tax return.

Please refer to the following websites for more information on certain ARRA provisions.

- Internal Revenue Service (IRS) website about the [Making Work Pay Credit](#).
- Social Security Administration website for information about the [Economic Recovery Payment](#).

### What Does This Mean to ERS Retirees and Beneficiaries?

If you have federal income taxes withheld from your ERS pension benefits, you may not have enough taxes withheld during the year in the following situations and may end up owing the difference when you file your tax return:

- If you are employed or receive two pension benefits and have federal income taxes withheld from both payments.
  - Reason: The withholding on both your paycheck and ERS benefit will be reduced for the same Making Work Pay Credit.
- If you are receiving Social Security benefits, you may automatically receive a \$250 payment from the Social Security Administration if you qualify. This is called the Economic Recovery Payment.
  - Reason: There is a limit on the total stimulus benefit and the tax withholding from your ERS benefit does not take into account the payment by Social Security.

### Changing your Federal Income Tax Withholding

If you want to change your federal tax withholding, based on this new information and your individual circumstances, please complete and send us a Form W-4P, Withholding Certificate for Pension or Annuity Payments. This form can be filed at any time and is available from the IRS, this website, or by calling our office. Please include your telephone number on the bottom of the form.

We encourage you to consult the IRS or a tax advisor for information about the [Making Work Pay Credit](#) and the Social Security Administration for information about the [Economic Recovery Payment](#).

Please keep in mind that ERS employees are not tax professionals and cannot provide tax advice.

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