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**MEMORANDUM**

**To:** Retired Members of SCERS  
**Date:** January 25, 2008  
**Re:** Expanded Reporting for Pension Payments

As you know, the Sacramento County Employees' Retirement System ("SCERS") provides an "Important Tax Letter" to all members who retire and receive pension payments. Within this letter, SCERS summarizes the benefits paid for by member contributions and, for tax purposes, identifies any member contributions and payments made on an after-tax basis.

As you also know, SCERS reports pension payment data for retirees and beneficiaries who receive \$10 or more during a calendar year via IRS Form 1099-R. While SCERS prepares 1099-R's whenever pension payments are subject to taxation, system limitations have always compelled us to declare the "Taxable amount not determined" in Box 2b on the 1099-R and pass the task to retirees, beneficiaries and their tax preparers to report taxable benefits based on the "Important Tax Letter" provided at retirement.

Starting in 2008, however, SCERS is now able to retrieve the same information provided in your "Important Tax Letter" and incorporate it in the 1099-R. This means that 1099-R's for the 2008 calendar year (which will not be distributed until January 2009) will report a Gross Distribution in Box 1 and a Taxable Amount in Box 2a. This also means that the remuneration statements that SCERS provides for January 2008 benefit payment and for all future months will display the amount of the Taxable Benefit and the Non-Taxed Benefit, as illustrated below.

RETIREE BENEFITS	Rate	Hours	This Period	Year-to-Date
<b>TAXABLE BENEFIT</b>				
Misc 1 CPI	0.00		500.00	500.00
Misc 1 CSA	0.00		400.00	400.00
Misc 1 CSP	0.00		1,200.00	1,200.00
Misc 1 Ventura Settle	0.00		50.00	50.00
Misc 1 Adhoc COL	0.00		70.00	70.00
Total Taxable Benefit			2,200.00	2,200.00
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<b>NON-TAXED BENEFIT</b>				
(NT) Misc1 CSA			44.00	44.00
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If you have questions regarding the improved reporting that SCERS has put in place for 2008 and future calendar years, please contact our office at (916) 874-9119 and ask to discuss the January 2008 "Pension Payment" memo.