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MEMORANDUM

To: Retired Members and Surviving Beneficiaries
Date: March 6, 2009
Re: 1099-R Reporting Changes for 2008 and Future Years

As you know from a memo distributed in January 2008, the Sacramento County Employees' Retirement System (SCERS) is now able to calculate taxable amounts for all pension payments. Accordingly, the monthly remuneration ("payment advice") statements provided by SCERS report a Taxable Benefit amount and a Non-Taxed Benefit amount, which considers the type of benefit that you receive and other information found in the "Important Tax Letter" distributed at retirement.

Because of these reporting improvements, we have also explained that your Form 1099-R for 2008 and future years will indicate a Gross Distribution in Box 1 and a Taxable Amount in Box 2a. This means that retirees and surviving beneficiaries no longer need to retrieve the "Important Tax Letter" in order to calculate their Taxable Benefit for the year. Instead, all they need to do is reference the Taxable Amount reported with Form 1099-R.

While we believe that the additional information provided on Form 1099-R simplifies the tax reporting process for everyone who receives pension payments from SCERS, we continue to look for ways to improve. To that end, please note that **next year's Form 1099-R will display a Taxable Amount of "0.00" if the benefit provided by SCERS is not subject to income tax, as opposed to the blank field that is used to indicate the same result on the Form 1099-R prepared for 2008.**