

Taxes and Your First Benefit Payment

If you are filing for your benefit a number of months after becoming eligible, the taxes withheld from your first benefit payment may not cover the applicable taxes due. This is because your first payment will include benefits retroactive to your effective retirement date. Retirees in this situation often find it is not sufficient to have the same rate of taxes applied to this type of payment as their regular monthly benefit payment.

Speak to an Internal Revenue Service representative or your tax advisor if you have questions about the amount of withholding that is right for your situation. One set of tax forms – a Federal W-4P and a Maine W-4ME (for Maine residents only) - is enclosed. To have additional taxes withheld from your first payment, file one set of tax forms for your first payment and another set for subsequent payments. Additional withholding forms can be downloaded from the Forms section of our web site (www.maineopers.org) or can be requested from MainePERS at 1-800-451-9800.

When submitting more than one set of tax forms at a time, it is helpful to write a note, such as "First Payment Only" or "Subsequent Payments", on each tax form.