



Retiree Reminder

for retired members of the Maine Public Employees Retirement System

Winter 2022-2023



Message from the CEO

This edition of the Retiree Reminder has a number of important tax updates to consider as your 2022 income tax filing approaches. We also have provided some information on Maine's new Property Tax Stabilization Program, for those who may qualify. We are pleased to include a 2023 calendar as a handy reference with the dates your benefit payments will be direct deposited into your account.

We hope you enjoy the celebrations of the season, and we wish you and yours a Happy and Healthy New Year!

Best regards,

Dr. Rebecca M. Wyke
Chief Executive Officer

Annual Notice of Right to Elect or Revoke Federal Tax Withholding

You have the right to decide whether or not you want federal income tax withheld from your monthly MainePERS benefit payment. When making your decision, remember that you are still responsible for payment of federal income tax on the taxable portion of your MainePERS benefit when you file your return. Not having enough tax withheld or paid in during the year could leave you subject to tax penalties. You may change your current withholding election by sending us a completed 'W-4P Withholding Certificate for Periodic Pension or Annuity Payments', which you can find on the Internal Revenue Service website at www.irs.gov or at www.mainebers.org/forms-resources/forms. No action is necessary if you do not wish to change your current income tax withholding.

Speaking of the W-4P Form, Changes Are Coming in January

Beginning in January 2023, MainePERS will implement the IRS's newly redesigned W-4P Withholding Form. The new form is intended to more accurately determine federal income tax withholding and is part of an ongoing IRS initiative to update all its tax withholding forms. The initiative includes new default tax withholding rates. This change in form will be integrated into MainePERS electronic payroll processing system and has been timed to coincide with the updated 2023 federal tax withholding tables. This implementation may result in a small change in retiree and beneficiary payroll deposit amounts, due to a difference in rounding from the current monthly tax withholding tables to the new annual tax withholding tables.

Retirees and beneficiaries who already receive ongoing payments and who do not wish to make changes to their federal tax withholding elections are not required to file a new form. Any retiree or beneficiary needing to change their federal withholding amount beginning in January 2023 must complete the new W-4P Withholding Form.

State of Maine Income Tax and the Pension Income Deduction

It will soon be time to file your 2022 Federal and State of Maine Income Tax Returns. We will help you prepare for this year's tax filing by mailing a Form 1099-R in January with the amount of the taxable portion of your MainePERS retirement benefit.

Individuals who receive MainePERS benefits and file their taxes in the State of Maine may qualify for a pension income deduction for all or part of their MainePERS benefit. The amount of the pension income deduction available varies depending on the tax year and will be reduced by social security or railroad retirement benefits you may receive.

The maximum deductions for individual taxpayers for tax years 2022 and 2023 are \$25,000 and \$30,000, respectively. Starting in 2024, the deduction will be \$35,000. Additional information is available at www.mainebers.org/retirement/benefit-payment-and-tax-information/, see Question 11.

Please note, a new Form W-4ME must be filed with MainePERS if you would like to change your state withholding. This form may be found at www.mainebers.org/forms-resources/forms/. If you have a tax preparer or advisor, they should be able to address any questions about the Maine pension income deduction. Questions also may be directed to Maine Revenue Services at 207-626-8475.

Gross Federal Income Tax Exclusion for Eligible Retired Public Safety Workers

Retired public safety workers receiving a MainePERS retirement benefit may be eligible to deduct up to \$3,000 from gross income on their federal tax return. Two conditions must be met in order to qualify for this deduction. The first is you must have retired at or after your normal retirement age or due to disability. The second is you must be having your health insurance premiums deducted directly from your MainePERS benefit. More information about this deduction can be found at www.mainebers.org/retirement/benefit-payment-and-tax-information/, see Question 12.

New State of Maine Property Tax Stabilization Program

The new Property Tax Stabilization Program allows certain senior-citizen residents to stabilize, or freeze, the property taxes on their homestead. For more information about this new state government program, including who is eligible and how to apply, please visit Maine Revenue Services at www.maine.gov/revenue/taxes/property-tax and in the Property Owner column, click on Property Tax Relief Programs. The deadline to file an application for this year's program is December 1, 2022. Questions? Contact Maine Revenue Services at 207-624-5600.

Annual Review of Your Group Life Insurance Beneficiaries

If you participate in the Group Life Insurance program, we want the individuals you intend to receive your life insurance benefits to receive them as smoothly as possible when the time comes. Sometimes members forget to change their beneficiary information after a life event happens like a marriage, divorce, birth of a child, or the passing of a loved one. Reviewing your beneficiaries once a year when you are organizing other year-end financial information such as your taxes will help us get your life insurance benefits to your intended beneficiaries as quickly as possible.

Need to make an update? Visit our website, www.mainebers.org/forms/, select Survivor Benefit Forms and download **Form GI-0912, Designation of Beneficiary - Group Life Insurance**.

Health Insurance Premiums and MainePERS

As a convenience for our retirees, health insurance premiums can be deducted from your monthly benefit payment and sent directly to your insurer if they are an approved vendor. MainePERS does not administer any health insurance programs. If you have questions about your health insurance plan coverage, please contact the administrator of your health insurance program. Two of the most common plan administrators are provided below for your convenience.

Maine Education Association - 888-622-4418 ext. 2207 - Web: www.meabt.org

State Retiree Health Office (Employee Health and Benefits) - 800-422-4503 or 624-7380 - www.maine.gov/deh

Have You Moved to Another State?

Are you a Maine retiree who recently changed residency to another state? Do you have Maine State income tax withheld from your monthly pension payment? If you are no longer a Maine resident and no longer require state withholding, you can complete form CL-0905, Non-Resident Certification for Maine Tax Withholding, (available on our website at www.mainebers.org/forms/retiree-forms/). Just sign and send to MainePERS to stop withholding Maine income taxes.

