



# Retiree Reminder

for retired members of the Maine Public Employees Retirement System

Winter 2023 - 2024



## Message from the CEO

With the 2023 tax season approaching, this Retiree Reminder provides important tax updates for your review. Also included is information about recent changes to the State of Maine property tax laws, as well as helpful cybersecurity tips. A 2024 calendar is enclosed to serve as a handy reference for when your benefit payments will be direct deposited into your account.

Hoping you enjoy the celebrations of the season and have a Happy and Healthy New Year!

Best regards,

Dr. Rebecca M. Wyke  
Chief Executive Officer

## **REMINDER: One-time Retroactive COLA Payment for Eligible Retirees in State-Sponsored Plans - Additional Payment Retroactive to September 2022**

The Maine State Government budget passed in July (Public Law Chapter 412, Part HHHHH) included a one-time Cost-of-Living Adjustment (COLA) payment for eligible retirees who receive monthly payments through State-sponsored retirement plans (state employees, teachers, judges, and legislators).

Eligible retirees will receive a payment equaling 3% of their yearly benefit for the period ending August 31, 2022 up to a maximum of 3% of the 2022 COLA base, \$24,186.25. The 3% does not apply to any benefit received in excess of this COLA base amount.

This law became effective in late October, therefore the additional one-time payment will be part of the retiree payroll processed in November. It may appear as a separate payment and retirees may receive an advice of deposit specific to this one-time payment.

This one-time payment applies to retirees who were eligible for a cost-of-living adjustment in September 2022. It is a one-time payment and will not be included in the calculation of future benefit adjustments.

## **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](http://www.irs.gov) or at [www.mainePers.org/forms/retiree-forms/](http://www.mainePers.org/forms/retiree-forms/). No action is necessary if you do not wish to change your current federal income tax withholding.

## **Changes to State of Maine Property Tax Programs**

The State of Maine has expanded the eligibility thresholds for participation in the Property Tax Deferral Program for applications filed after January 1, 2024, and increased the maximum benefit base and the maximum benefit available under the Property Tax Fairness Credit for those age 65 and older starting with tax year 2024. An additional credit also is available for residents who are veterans and 100% permanently disabled beginning in tax year 2023. For more information about these state property tax relief programs, including who is eligible and how to apply, please visit Maine Revenue Services at [www.maine.gov/revenue/taxes/property-tax](http://www.maine.gov/revenue/taxes/property-tax) and in the Property Owners column, click on Property Tax Relief Programs. Questions? Contact Maine Revenue Services at 207-624-5600.

## State of Maine Income Tax and the Pension Income Deduction

It will soon be time to file your 2023 Federal and State of Maine Income Tax Returns. In January you will receive in the mail a Form 1099-R from MainePERS showing the amount of the taxable portion of your MainePERS retirement benefit.

Individuals who receive MainePERS benefits and file their taxes with 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 deduction for individual taxpayers for tax year 2023 is \$30,000. Under a recent Maine law change, the maximum deduction for tax years 2024 and beyond will be based on the maximum annual Social Security benefit available for someone retiring that year at full retirement age. For tax year 2024, that amount will be \$45,864.

Additional information is available at [www.mainebers.org/retirement/benefit-payment-and-tax-information/](http://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/retiree-forms/](http://www.mainebers.org/forms/retiree-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 Income Exclusion for Eligible Retired Public Safety Workers

Are you a retired public safety worker receiving your pension from MainePERS? Did you retire at or after your normal retirement age, or due to disability?

If you answered yes to both of these questions, you may be able to exclude up to \$3,000 from your gross taxable income for health insurance dollars you paid.

The Pension Protection Act of 2006 includes a provision that permits eligible retired public safety workers to exclude health insurance premiums of up to \$3,000 per year from their taxable income. To qualify, a retired public safety worker must have retired on or after normal retirement age, or due to disability. The premiums for the health insurance may be deducted directly from a qualified retirement plan, like MainePERS, and be remitted directly to the insurance provider, or may be paid directly to the insurance provider using retirement benefit income.

If you think you qualify, please contact your tax advisor for additional information including how to claim the exclusion.

## Top 4 Ways to Keep Cyber Safe

According to the Cybersecurity and Infrastructure Security Agency, the following are the top four things you can do to keep yourself cyber safe:

**“Turn on Multifactor Authentication** - Implement multifactor authentication on your accounts and make it significantly less likely you’ll get hacked.

**Update Your Software** - Update your software. In fact, turn on automatic updates.

**Think Before You Click** - Think before you click. More than 90% of successful cyber-attacks start with a phishing email.

**Use Strong Passwords** - Use strong passwords, and ideally a password manager to generate and store unique passwords.”\*

Want to learn more? Visit [www.cisa.gov/news-events/news/4-things-you-can-do-keep-yourself-cyber-safe](http://www.cisa.gov/news-events/news/4-things-you-can-do-keep-yourself-cyber-safe)

*\*Excerpt from Cybersecurity and Infrastructure Security Agency December 18, 2022 Blog*

## Temporary Change in Public Business Hours

MainePERS has temporarily revised its business hours to Monday through Thursday from 8:00 a.m. to 4:00 p.m.

Member Services Representatives look forward to assisting you by telephone, email, and in person lobby services Monday through Thursday from 8:00 a.m. to 4:00 p.m.

