

# New Roads

Winter 2005

Published by the Contra Costa County Employees' Retirement Association

[www.cccera.org](http://www.cccera.org)

*It's That Time again. . .*

## State and Federal Income Tax Reminder

You have a continuing right to **change, start, or stop federal and/or state tax withholding** from your monthly benefit payment. A change can be made at any time by filing a new withholding authorization with the Retirement Office. (Changes made before the 21st of each month are effective the following month.) Obtain this form by calling CCCERA at 925.646.5741. We will mail you the forms you need with instructions for filing. OR, you can print the form from our web site, [cccera.org](http://cccera.org).

You can also pick up the forms during regular business hours. See the address on page 2. You are not required to have federal tax withheld from your monthly payments. However, if you choose to exempt yourself from withholding, you must pay any required taxes through other sources, or quarterly estimates and deposits. You *may* incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient to meet your tax liabilities.

## What About State Taxes?

Monthly payments to CCCERA retirees **living in California are subject to California income tax.** (*Certain amounts may be exempt from tax, depending on individual filing status and adjusted gross income.*) CCCERA payments to retirees **living outside California are not subject to California income tax**, but benefits may be subject to other state taxes. Consult your tax specialist or state Department of Revenue for complete information on your specific tax status.

*If your current withholding arrangements are appropriate, they will remain in effect. No action is required.*

*Making your dates, checking them twice . . .*

## Electronic Funds Transfer Dates for 2005

Receive your monthly pension check benefit the **safest, quickest, and most reliable way.** Electronic Funds Transfer deposits your pension benefit at the same time monthly, the **last working day of each month.** Your bank credits your account the next banking day.

- **Your check will never be “lost in the mail.”**
- **You don't have to wait in line at the bank to deposit your check.**
- **There are no security risks, since EFT uses the same personal information your bank already has.**
- **EFT is mandatory for all new retirees; there are less than 300 “live” checks mailed from CCCERA.**

Call the Retirement Office at 925.646.5741 for more information. Request the form you need to sign up for EFT, or download the form from our website, [cccera.org](http://cccera.org).

CCCERA deposits to your bank on the dates below; your bank may not post funds to your account until the next banking day. *Check with your bank to verify when funds are available.*

January	February 1
February	March 1
March	April 1
April	May 2
May	June 1
June	July 1
July	August 1
August	September 1
September	October 3
October	November 1
November	December 1
December	January 2, 2006

# Retirement Board Adopts COLA Increases for 2005


CCCERA retirees will receive a cost-of-living (COLA) increase in their monthly benefit, beginning April 1, 2005. Your May 1, 2005 pension check will reflect the new amount. Your COLA benefit increase is based on several factors: the Bay Area CPI (Consumer Price Index), your COLA Bank, and your retirement tier.

If you are a Tier 1, Tier 3 or Safety retiree, retired *prior to April 1, 1998*, the COLA portion of your benefit will rise by 3%. If you retired *between April 1, 1998 and March 31, 2000*, your benefit increase is 2.5%. Members retired *between April 1, 2000 and March 31, 2005*, will receive 2%. Tier 2 and Tier 3 *disability* retirement benefits will increase 2%, regardless of retirement date. The Cost of Living adjustment is separate from other benefit enhancements. While some enhancements, such as “New Dollar Power” affect certain groups, all retirees are eligible for the COLA.

By law, there is a cap on the amount CCCERA may increase the COLA portion of your benefit. If the inflation rate is higher than this cap, the remainder is “banked” for future years, then applied if the CPI is low. This helps stabilize the COLA from year to year. The percentage CCCERA can increase your COLA is determined by the law that applies to each retirement tier.

*An example: Start with your figures from 2004:*

Monthly Basic Allowance	=	\$1,000
New \$ Power	=	\$ + 80
TOTAL		\$1,080
2004 COLA was 3%		
(\$1080 x .03)	=	\$ 32.40
<u>2004 Total Monthly Income</u>	=	\$ 1,112.40




*Calculate your cost-of-living benefit for 2005:*

2005 Monthly Basic Allowance	=	\$1,000
New \$ Power	=	\$ +80
COLA carried from 2004	=	<u>\$ +32.40</u>
		\$1, 112.40
2005 COLA is 3%		
(\$1,112.40 x .03)	=	\$ +33.37
<u>2005 Total Monthly Income</u>	=	\$1,145.77

CCCERA office hours are  
 8a.m.-12 Noon, 12:30 p.m.-5 p.m.,  
 Monday through Friday. Counselors  
 are available by phone  
 9 a.m.- Noon, 12:30 p.m.-4 p.m.  
 After business hours,  
 voicemail is available  
 to take your messages  
 24 hours a day at  
 925.646.5741.

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