

# RETIREE UPDATE

FOR RETIREES AND BENEFIT RECIPIENTS OF COLORADO PERA

DECEMBER 2023



monkeybusinessimages/Stock / Getty Images Plus

- 2 *Upcoming Dates to Remember*
- 2 *How to Read Your 1099-R*
- 4 *Taxes and PERA Benefits*
- 5 *Direct Deposit Available*
- 5 *Taxes and Public Safety Officers*
- 6 *PERACare ID Card Reminders*
- 7 *What You Need to Know About RMDs*

The *Retiree Update* explains how to access your tax forms early, provides helpful information on taxes and PERA benefits, includes important dates to remember, and more.

## LOG IN FOR EARLIER ACCESS TO TAX INFORMATION

If you want to get a head start on your taxes, the 1099-R and 1095-B tax forms will be available in your secure PERA account by mid-January. You can access your account as follows:

### ONLINE

Go to [copera.org](https://copera.org) and click the green “**Member Login/Registration**” button on the home page. Then either log in with your existing user name and password or click “**Register as a new user**” and follow the prompts to set up your account.

### MOBILE APP

Download the PERA mobile app from the App Store (iOS devices) or the Google Play Store (Android devices). Simply follow the prompts to log in with your existing credentials or set up your account for the first time.



App Store



Google Play Store

## HEALTH CARE TAX FORMS

If you have health care insurance through PERACare, you will receive relevant tax forms from Colorado PERA or your health care plan. Form 1095-B proves that you had qualifying health coverage through PERACare during 2023. PERA will mail this tax form on or before March 1, 2024.

### PERACARE PRE-MEDICARE PLANS

- ▶ Retirees in a UMR plan will receive a Form 1095-B from PERA.
- ▶ Retirees in a Kaiser Permanente plan will receive a Form 1095-B from Kaiser.

### PERACARE MEDICARE PLANS

- ▶ Retirees with Medicare A and B who are enrolled in a PERACare Medicare plan will receive a Form 1095-B from Medicare.
- ▶ Retirees enrolled in a UnitedHealthcare Medicare Advantage (MA) plan who did not have Medicare Part A will receive a Form 1095-B from UnitedHealthcare.
- ▶ Retirees enrolled in a Kaiser Medicare HMO plan who did not have Medicare Part A will receive a Form 1095-B from Kaiser.



[COPERA.ORG](https://copera.org)

#### DIRECTOR OF COMMUNICATIONS

Madalyn Knudsen

#### WRITER/EDITOR

Darren Thornberry

#### GRAPHIC DESIGN

Gerald Llorence

## UPCOMING DATES TO REMEMBER

Review the information below for upcoming mailings, changes, and closures. Please allow at least five business days for postal delivery after a scheduled mailing before calling PERA. Allow additional time if you live outside the United States.

### MONTHLY BENEFIT CHECKS MAIL/DIRECT DEPOSIT

- ▶ December 29, 2023
- ▶ January 31, 2024
- ▶ February 29, 2024
- ▶ March 29, 2024
- ▶ April 30, 2024
- ▶ May 31, 2024
- ▶ June 28, 2024
- ▶ July 31, 2024
- ▶ August 30, 2024
- ▶ September 30, 2024
- ▶ October 31, 2024
- ▶ November 27, 2024
- ▶ December 31, 2024

### TAX DOCUMENTS

- ▶ January 5, 2024: Last day for PERA to receive a signed address change request to have tax documents (and all future mailings) sent to a new address.
- ▶ January 31, 2024: 1099-Rs will be mailed and available online.
- ▶ January 31, 2024: 1095-Bs for PERACare coverage will be mailed and available online.

### PERACARE

- ▶ December 29, 2023: PERA benefit payment will reflect 2024 PERACare premiums.
- ▶ December 31, 2023: New PERACare ID cards should have arrived, if applicable.

### UPCOMING PERA OFFICE CLOSURES

- ▶ December 25, 2023
- ▶ January 1, 2024
- ▶ January 15, 2024
- ▶ February 19, 2024

## HOW TO READ YOUR 1099-R

If you received pension benefit payments from Colorado PERA in 2023, we will mail year-end tax information on IRS Form 1099-R by January 31, 2024. You will need this form to file your income tax return.

More helpful information, including a video and an overview of 1099 information, is available in the **1099-Rs section** of the **Taxes on Benefits** webpage.

### 1—GROSS DISTRIBUTION

Total dollar amount of benefits paid to you by PERA in 2023.

### 2A—TAXABLE AMOUNT

The total amount of your taxable benefits you received from PERA in the tax year noted. If you do not have any previously taxed contributions, your entire benefit amount is taxable.

### 2B—TAXABLE AMOUNT NOT DETERMINED/TOTAL DISTRIBUTION

If you have an “X” in the “Taxable amount not determined” box and box 2a is blank, you will need to determine the taxable portion of your annual benefit.

### 3—CAPITAL GAIN (INCLUDED IN BOX 2A)

Reports a dollar amount if you were born before January 2, 1936.

### 4—FEDERAL INCOME TAX WITHHELD

Federal income tax withheld from your benefit in the tax year noted.

### 5—EMPLOYEE CONTRIBUTIONS/DESIGNATED ROTH CONTRIBUTIONS OR INSURANCE PREMIUMS

The nontaxable amount of benefits you received in the tax year noted (the difference between box 1 and box 2a). Do not report this amount on your tax returns. This number does not refer to the premiums you paid to PERA for health care or life insurance. If you need the amount of your insurance premiums, refer to your year-end benefit check or EFT statement.

|  |  |   |  |  |  |
|--|--|---|--|--|--|
| Form <b>1099-R</b> OMB No. 1545-0119 <input type="checkbox"/> CORRECTED (if checked)   |  | <div style="text-align: center;"> <h1>2023</h1> <p>Form <b>1099-R</b></p> </div>            |  | <b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b> |  |
| PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.<br><br>PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION<br>1301 N. PENNSYLVANIA STREET<br>DENVER, CO 80203<br>(800) 759-7372 |  |   |  |  |  |
| PAYER'S TIN<br>84-6220742  |  | RECIPIENT'S TIN<br>xxx-xx-1234  |  | <b>2b</b> Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>       |  |
| RECIPIENT'S name, street address (incl. apt. no.), city or town, state or province, country, and ZIP or foreign postal code<br><br>JOHN DOE<br>1301 PENNSYLVANIA<br>DENVER, CO 80203-1234  |  | <b>3</b> Capital gain (included in box 2a)  |  | <b>4 Federal income tax withheld</b><br>\$825.76   |  |
| <div style="font-size: 48px; opacity: 0.5; transform: rotate(-15deg);">SAMPLE</div>  |  | <b>5</b> Employee contributions/ Designated Roth contributions or insurance premiums<br>.00 |  | <b>6</b> Net unrealized appreciation in employer's securities  |  |
|  |  | <b>7</b> Distribution code(s)<br>7  |  | <b>8</b> Other<br>%  |  |
|  |  | <b>9a</b> Your percentage of total distribution<br>%  |  | <b>9b</b> Total employee contributions   |  |
| <b>10</b> Amount allocable to IRR within 5 years   |  | <b>11</b> 1st year of desig. Roth contrib.  |  | <b>12</b> FATCA filing requirement <input type="checkbox"/>  |  |
| <b>14</b> State tax withheld<br>\$300.00   |  | <b>15</b> State/Payer's state no.<br>CO/21-97092  |  | <b>16</b> State distribution   |  |
| Account number (see instructions)<br>1-123456  |  | <b>13</b> Date of payment   |  | <b>17</b> Local tax withheld   |  |
|  |  |   |  | <b>18</b> Name of locality   |  |
|  |  |   |  | <b>19</b> Local distribution   |  |

This information is being furnished to the IRS. irs.gov/Form1099R Department of the Treasury – Internal Revenue Service

If you have previously taxed contributions in your PERA account, PERA uses a cost-recovery method recognized by the IRS to amortize the nontaxable dollar amount each year and reports it in box 5.

If box 5 is blank and there is an “X” in box 2b “Taxable amount not determined,” you must determine the nontaxable portion of your annual benefit.

In cases where the benefit recipient passed away during the reporting year and no future monthly benefits are payable, box 5 may also include the balance of any previously taxed contributions not recovered through the cost-recovery method.

### 7—DISTRIBUTION CODE(S)

Identifies the type of benefit being paid; please refer to your 1099-R for descriptions.

### 9B—TOTAL EMPLOYEE CONTRIBUTIONS

The total tax-paid contributions in the PERA member account at the time of retirement (will only print for the first year of retirement).

### 14—STATE TAX WITHHELD

Colorado state income tax withheld from your benefit. (PERA only withholds state taxes for Colorado.)

### 15—STATE/PAYER'S STATE NO.

Colorado PERA's identification number as assigned by the State of Colorado and listed on all forms as “CO/21-97092.” This number is used by the State to identify PERA; it does not refer to which state the income is taxable in, nor does it refer to which state withholding taxes were deducted.

### ACCOUNT NUMBER

Your PERA-assigned account number that appears on correspondence including your benefit statement or benefit check.

#### PAST 1099-Rs

To print past 1099-Rs, log in to your PERA account on copera.org by clicking the green “Member/Login Registration” button and entering your User ID and password. If you haven't set up your online user profile, click “Register as a new user” and follow the prompts.

## TAXES AND PERA BENEFITS

*This article is not intended as tax advice and specific questions about your taxes should be directed to the IRS, the Colorado Department of Revenue, or your personal tax consultant.*

Colorado PERA reports the taxable amount of your retirement benefit to the IRS on Form 1099-R. That taxable amount may be different, depending on which benefit structure you retired from—PERA or Denver Public Schools (DPS).

The following are answers to some frequently asked questions about how federal and state income tax rules affect your benefit.

### *What is my current federal withholding?*

Your December 2023 PERA benefit statement includes your current federal withholding status. You can view this by logging into your secure account or signing up for mailed statements.

### *How much of my benefit will be subject to federal income tax in the PERA benefit structure?*

Unless your account includes after-tax contributions, which are explained below, your entire benefit is reported as taxable income.

### *How are federal income taxes different in the DPS benefit structure?*

Your retirement date may determine the taxable portion of your benefit. If you retired:

- ▶ Before July 1, 1986, and used the Three-Year Recovery Rule, your entire benefit each year is taxable.
- ▶ Before January 1, 1987, and did not use the Three-Year Recovery Rule, a fixed portion of your annual benefit is tax-free for your lifetime.
- ▶ After 1986, benefits you receive after you recover your tax-paid contributions are fully taxable.
- ▶ Before January 1, 1991, the taxable portion of your benefit was not calculated by DPSRS.
- ▶ On January 1, 1991, or later, the taxable portion of your benefit was calculated using the Simplified General Rule. It is possible that there was not enough information to calculate the taxable portion, in which case your 1099-R will state, “Taxable amount not determined.”

### *What portion of my account might qualify as after-tax contributions on which I do not pay taxes?*

You will not pay taxes on the following:

- ▶ PERA contributions made before July 1, 1984, in the PERA benefit structure.
- ▶ DPSRS contributions made before January 1, 1986, in the DPS benefit structure.
- ▶ After-tax dollars used to purchase service credit.

For more information, review the Colorado Department of Revenue’s *Income Tax Topics: Social Security, Pensions, and Annuities*.

### *What portion of my benefit is subject to Colorado state income tax?*

Your benefit is subject to state income tax once it exceeds a designated exclusion amount. Colorado residents age 55 through 64 (by December 31) can exclude up to \$20,000 of pension income each year, including PERA benefits. For Colorado residents who are age 65 and older, the first \$24,000 of an annual pension benefit is excluded from state taxes. For more information, review the Colorado Department of Revenue’s *Income Tax Topics: Social Security, Pensions, and Annuities*.

### *I don’t live in Colorado. Will PERA withhold income taxes for my state?*

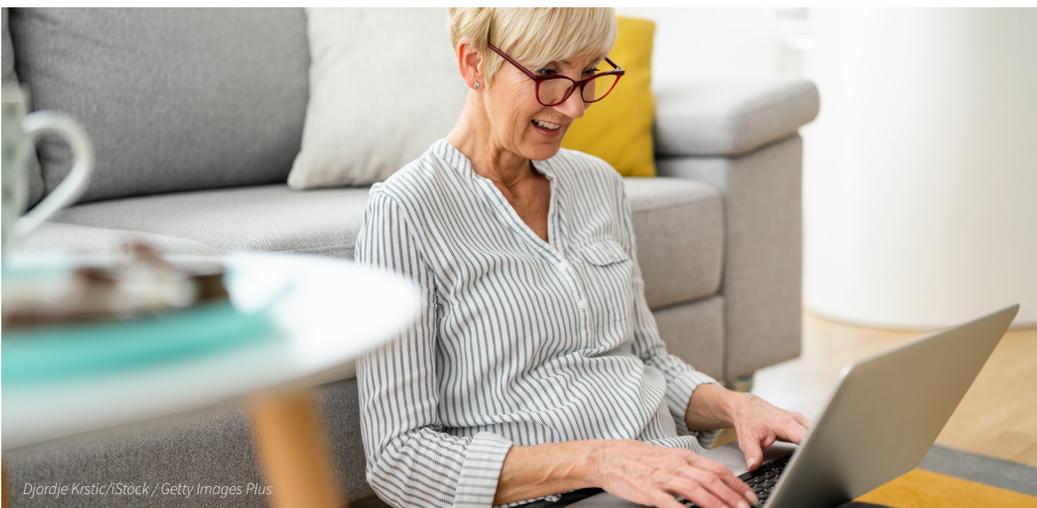
No, PERA only withholds state income taxes for Colorado. Check with your state’s revenue agency about any state income taxes you may owe. If you have recently moved away from Colorado, please instruct PERA to stop withholding any previously requested Colorado state income tax by completing a new *Colorado State Withholding Form*, which is available in your PERA account or the *Taxes on PERA Benefits* booklet.



## TAKE ACTION

- ▶ Read the *Taxes on PERA Benefits* booklet (also available by calling PERA) and use the Benefit Tax Estimate calculators in your secure PERA account to help ensure your tax withholding is appropriate.
- ▶ Make changes to your federal or Colorado state withholding online by logging in to your PERA account with your User ID and password. You can also make changes using *Form W-4P* for federal taxes and the *Colorado State Withholding Form* for Colorado taxes (both forms are included in the *Taxes on PERA Benefits* booklet).
- ▶ Contact the Colorado Department of Revenue (303-238-7378 or [tax.colorado.gov](http://tax.colorado.gov)) or consult with a tax professional if you have specific questions regarding your state taxes.
- ▶ Review IRS Schedule R and Publication 524 if you are under age 65 and totally disabled—you may be eligible for a special federal income tax credit.

## DIRECT DEPOSIT AVAILABLE FOR YOUR PERA CHECK



You can expect a lot of mail in the next month, with a variety of year-end and tax information hitting mailboxes. Don't let your monthly PERA benefit check get lost with other mail. Sign up for direct deposit today:

- ▶ Log in to your PERA account online or on our mobile app with your User ID and password and complete the *Direct Deposit by Electronic Funds Transfer (EFT)* form to have your benefit automatically deposited into your checking or savings account.
- ▶ Complete a paper copy of the *Direct Deposit* form and mail it to PERA.

**Changes received by the 15th of the month will be effective for that month.**

## TAXES AND PUBLIC SAFETY OFFICERS

If you are receiving a survivor benefit due to the death of a public safety officer who was killed in the line of duty, your benefit may be exempt from federal income tax. Consult a tax professional to determine if you qualify for this exemption under Section 101(h) of the Internal Revenue Code. If you believe you qualify, please contact Colorado PERA so that your withholding and tax reporting may be adjusted.

## PERACARE ID CARD REMINDERS

The table below includes information provided by the PERACare carriers on who will receive 2024 ID cards for the PERACare plans.

|               | Plan Name              | All Enrollees Receive an ID Card | Only New Enrollees Receive ID Card | No ID Card Needed |
|---------------|------------------------|----------------------------------|------------------------------------|-------------------|
| PRE-MEDICARE  | UMR PPO #1             |                                  | ✓                                  |                   |
|               | UMR PPO #2             |                                  | ✓                                  |                   |
|               | Kaiser EDCP            | ✓                                |                                    |                   |
|               | Kaiser HDHP            | ✓                                |                                    |                   |
| MEDICARE      | UnitedHealthcare MA #1 | ✓                                |                                    |                   |
|               | UnitedHealthcare MA #2 | ✓                                |                                    |                   |
|               | Kaiser Med HMO         | ✓                                |                                    |                   |
| DENTAL/VISION | Cigna Dental HMO       |                                  | ✓                                  |                   |
|               | Delta Dental PPO       |                                  | ✓                                  |                   |
|               | VSP Vision Plans       |                                  |                                    | ✓                 |

If you have not received your new ID card by December 31, 2023, call the carrier to request a new one. Your provider can verify coverage through your plan's toll-free number until you receive your card. For phone numbers, see the PERACare for Retirees-Carriers webpage or the PERACare Health Benefits Program Booklets.



## WHAT YOU NEED TO KNOW ABOUT RMDs

Required Minimum Distributions (RMDs) are minimum withdrawals that the IRS requires from most retirement plan accounts every year once the account owner reaches a certain age. Since you are receiving a Colorado PERA benefit, your PERA Defined Benefit (DB) Plan is already paying out the required amount to satisfy an RMD for the DB Plan. But you may need to take action to satisfy an RMD if you participate in the PERA Defined Contribution (DC) Plan or voluntary retirement plans like:

- ▶ 403(b) plans
- ▶ 401(k) and 457(b) plans, like the PERAPlus Plans
- ▶ Traditional IRAs
- ▶ SEPs and SARSEPs
- ▶ SIMPLE IRAs

With the exception of your first RMD after you reach the IRS-required age, you must take your RMD each year by December 31. Your first RMD date depends on when you were born. If you turned age 70½ on or before December 31, 2019, then your first RMD was required by April 1 of the year after the year you turned 70½. If you were not yet age 70½ as of December 31, 2019, then your first RMD is required by April 1 of the year after the year you reach age 72.

If you do not take an RMD, don't withdraw enough money, or don't take your distribution by the deadline, the RMD amount not withdrawn is subject to a 50% penalty from the IRS. Keep in mind that you can always withdraw more than your required amount. Any amount you withdraw is considered taxable income unless it was taxed before you contributed the money to your plan or it can be withdrawn tax-free (like qualified withdrawals from Roth accounts).

More information on RMDs, including worksheets to help you calculate your RMD amount, can be found on [irs.gov](https://www.irs.gov) or by speaking to a trusted financial advisor.





PO Box 5800, Denver, CO 80217-5800  
800-759-7372 • copera.org

PRESORTED  
STANDARD  
U.S. POSTAGE  
PAID  
DENVER, CO  
PERMIT NO. 45



## GO PAPERLESS

### IT'S CLUTTER-FREE.

Colorado PERA mail won't accumulate because we'll stop sending you printed materials.

### IT'S IMMEDIATE.

You'll get an email as soon as new items, like this newsletter, are available.

### IT'S CONVENIENT.

You can read PERA information on your phone or tablet.

### IT'S EASY.

Log in to your PERA account and sign up for electronic delivery.

Customer Service Center  
800-759-7372 (PERA)

Customer Service Center Hours  
(Mountain time)

7:00 a.m.—5:30 p.m. Monday—Thursday  
7:00 a.m.—4:30 p.m. Friday

Send forms and address  
changes to

PERA  
PO Box 5800  
Denver, CO 80217-5800

Email comments to  
[editor@copera.org](mailto:editor@copera.org)