



NH Retirement System
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NHRS Retiree Notice

Changes in federal withholding taxes in 2011 may impact net benefit payments

CONCORD, N.H. – Pension recipients may notice a reduction in their net monthly benefit payment due to the recent expiration of a federal tax credit.

The New Hampshire Retirement System (NHRS, the retirement system) calculates and withholds federal taxes from monthly retirement benefit payments for retirees, or their eligible beneficiaries, based upon federal tax withholding tables developed by the Internal Revenue Service. The American Recovery and Reinvestment Act of 2009 created the “Making Work Pay” tax credit. This credit was incorporated into the 2009 and 2010 federal tax withholding tables and provided lower withholding rates. However, the “Making Work Pay” tax credit expired on December 31, 2010, and was not renewed. As a result, the new 2011 federal withholding tables reflect higher withholding rates. This means retirees and beneficiaries may see an increase in the amount of federal taxes withheld from their monthly retirement benefit and a corresponding decrease in the amount of their net retirement benefit payment.

NHRS urges retirees to review their withholding annually and, if necessary, fill out a new Form W-4P which can be found at <http://www.nhrs.org/pdfs/2011fw4p.pdf>. If you need assistance in estimating your tax, you should consult with the IRS or your tax advisor.

If you have additional questions on this issue, please call the retirement system at (603) 410-3671.

The New Hampshire Retirement System provides retirement, disability, and death benefits to its eligible members and their beneficiaries. The State of New Hampshire and more than 475 local government employers participate in the retirement system for their employees, teachers, firefighters, and police officers. NHRS has approximately 50,500 active members and 26,000 pension recipients. NHRS administers a defined benefit plan qualified as a tax-exempt entity under section 401(a) and 501(a) of the Internal Revenue Code.

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