

Press Release

For Immediate Release



EMPLOYEES' RETIREMENT SYSTEM

OF THE GOVERNMENT OF THE VIRGIN ISLANDS

"Contributing today for a better tomorrow"

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ST. THOMAS/ST. CROIX, VI -

Reasons for Changes in Retiree's Net Annuity Payments

GERS Administrator, Austin L. Nibbs, advises retirees of the Government of the Virgin Islands that due to our new system's ability to automatically update your taxes in accordance with current IRS tax tables, changes in the federal withholding tax amount may be reflected on your January 15th annuity check. The tax table utilized for your January 15th annuity check is found in the Federal Notice 1036 (revised December 2012). This table was in place prior to a decision by Congress regarding the "fiscal cliff" implications.

A revised Notice 1036 was released in January 2013 after Congress voted on the "fiscal cliff" tax provisions. Hence, the revised tax tables from this notice may reflect another change on your January 31st annuity check. Note that our payroll is prepared two weeks in advance of the actual pay date.

These adjustments are in accordance with federal laws and may not affect all retirees. Deductions are based on an individual's withholdings such as marital status, specific exemptions and their gross annuity payment. As such, some retirees may see no change, while others may see a decrease or an increase.

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In 2009 when President Obama's Economic Stimulus Plan became law, it reduced the federal tax rates; it was GERS' practice to not automatically make changes to retirees' taxes. Hence, unless a member came in to our office and completed a new Form W4-P, their taxes remained the same. If an update to Form W4-P was not done, when a retiree filed their income tax return (Form 1040), they would have realized an increase in their tax refund or a decrease in their tax due.

Nibbs said, "We would like for our retirees to understand what has transpired over the course of the last couple of years and to understand that the GERS has not taken away any benefits from its members. What we have done is implemented local and/or federal laws, which have resulted in changes to the retirees' net annuity payment." Unlike old practices, the tax tables are automatically updated in our new V3 System when there are changes to the federal withholding tax laws.

We regret any hardship or inconvenience this may have caused our members. The GERS has no control over the changes in the laws. If retirees want to make changes to their taxes, they can download Form W4-P from www.irs.gov, complete the form and bring the form to their respective GERS office.

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