



Employees' Retirement System Communicator

December 2012

No. 12

From the Desk of the ERS Manager

Hello Milwaukee County Retirees!

Best wishes to you and yours this holiday season. The time has come again to reflect on the past year and set plans and priorities in place for the coming year. While I have never been one for new year resolutions, I do like to renew certain commitments to myself — continue to follow a healthy lifestyle, learn something new every day, spend time with loved ones and support causes I truly believe will make a difference in our world. I hope you all make the time to do something you truly enjoy during the holiday season and beyond.

Approximately 300 County employees retired this year making our retiree group 7,922 strong. ERS continues to refine our processes in order to provide our retiree group with the exceptional service you expect and deserve. 2012 was dedicated to system, process and payment analysis and accuracy. We will continue to refine our processes in 2013.

Please remember, you can contact ERS by email at ERS@milwcnty.com with questions or concerns. We monitor the site frequently throughout the day and respond as quickly as possible. We have both local (414-278-4207) and toll-free (877-652-6377) phone numbers. Both have an automated menu for your convenience.

Please call us if you have questions regarding your pension or healthcare benefits. We are here to help!

May your new year be filled with much joy and happiness. On behalf of the Pension Board and ERS staff, we wish you a happy holiday season and look forward to serving you in 2013.

Marian Ninneman
ERS Manager

Important 2013 Updates

2012 Form 1099-R

Last month we let you know the 1099s we send you each year will have a new look for 2013! This form will be sent to retirees by January 31, 2013. A sample of the new 1099 is shown on Page 2. It looks quite a bit different than the one you have received in the past. We are excited to provide your year end information in this easier to read and produce format.

Contact Information

Employees' Retirement System

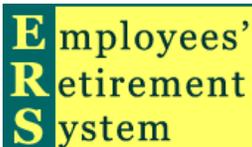
From the Milwaukee
area: **414-278-4207**
Toll Free: **877-652-6377**
Email: ers@milwcnty.com.

Life & Health Benefits

Phone: **414-278-4198**.
Email: benefits@milwcnty.com

New Retirees

Robert Baker
Julie Bankston
Alex Beamon
Yolanda Bledsoe
Charles Brown
Michael Bruch
Glenn Bultman
Mary Castro
Claudia Cobbs
Denese Ellis
Jodell Gilton
Michele Griffin
Denise Johnson
Karen Lemke
Melody Lawrence
Richard Noll
Constance Nooyen
Jeanne O'Keane
Kim Port



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CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code MILWAUKEE COUNTY EMPLOYEES' RETIREMENT SYSTEM 901 N 9TH ST ROOM 210 MILWAUKEE, 53233		1 Gross distribution \$ 12000.00 2a Taxable amount \$ 12000.00	OMB No. 1545-0119 <div style="text-align: center; font-size: 24pt; font-weight: bold;">2012</div> Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
PAYER'S federal identification number 39-1000000		RECIPIENT'S identification number XXX-XX-5555		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.
RECIPIENT'S name SUSAN Q. PUBLIC Street address (including apt. no.) 123 N MAIN ST City, state, and ZIP code MILWAUKEE, 53202		3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ 1000.00	This information is being furnished to the Internal Revenue Service.
5 Employee contributions /Designated Roth contributions or insurance premiums \$		6 Net unrealized appreciation in employer's securities \$		
7 Distribution code(s) 7	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$ %		
9a Your percentage of total distribution %	9b Total employee contributions \$			
10 Amount allocable to IRR within 5 years \$	11 1st year of desig. Roth contrib.	12 State tax withheld \$ 500.00	13 State/Payer's state no. WI 555-5555500000-55	14 State distribution \$ 12000.00
Account number (see instructions)		15 Local tax withheld \$	16 Name of locality	17 Local distribution \$

Form 1099-R

Department of the Treasury - Internal Revenue Service

Instructions for Recipient

Generally, distributions from pensions, annuities, profit-sharing and retirement plans (including 457 state and local government plans), IRAs, insurance contracts, etc., are reported to recipients on Form 1099-R.

Qualified plans. If your annuity starting date is after 1997, you must use the simplified method to figure your taxable amount if your payer did not show the taxable amount in box 2a. See the instructions for Form 1040 or 1040A.

IRAs. For distributions from a traditional individual retirement arrangement (IRA), simplified employee pension (SEP), or savings incentive match plan for employees (SIMPLE), generally the payer is not required to compute the taxable amount. See the Form 1040 or 1040A instructions to determine the taxable amount. If you are at least age 70 1/2, you must take minimum distributions from your IRA (other than a Roth IRA). If you do not, you may be subject to a 50% excise tax on the amount that should have been distributed. See Pub. 590 for more information on IRAs.

Roth IRAs. For distributions from a Roth IRA, generally the payer is not required to compute the taxable amount. You must compute any taxable amount on Form 8606. An amount shown in box 2a may be taxable earnings on an excess contribution. If you converted or rolled over amounts to a Roth IRA from an eligible retirement plan in 2012, you generally include one-half of the taxable amount in income in 2013 and the other half in 2012. See Form 8606.

Loan treated as distribution. If you borrow money from a qualified plan, section 403(b) plan, or government plan, you may have to treat the loan as a distribution and include all or part of the amount borrowed in your income. There are exceptions to this rule. If your loan is taxable, Code L will be shown in box 7. See Pub. 575.

Recipient's identification number. For your protection, this form may show only the last four digits of your social security number (SSN), individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN). However, the issuer has reported your complete identification number to the IRS, and, where applicable, to state and/or local governments.

Account number. May show an account or other unique number number the payer assigned to distinguish your account.

Box 1. Shows the total amount you received this year. The amount may have been a direct rollover, a transfer or conversion to a Roth IRA, a recharacterized IRA contribution; or you may have received it as periodic payments, as nonperiodic payments, or as a total distribution. Report the amount on Form 1040 or 1040A on the line for "IRA distributions" or "Pensions and annuities" (or the line for "Taxable amount"), and on Form 8606, as applicable. However, if this is a lump-sum distribution, see Form 4972. If you have not reached minimum retirement age, report your disability payments on the line for "Wages, salaries, tips, etc." on your tax return. Also report on that line permissible withdrawals from eligible automatic contribution arrangements and corrective distributions of excess deferrals, excess contributions, or excess aggregate contributions except if you are self-employed.

If a life insurance, annuity, qualified long-term care, or endorsement contract was transferred tax free to another trustee or

contract issuer, an amount will be shown in this box and Code 6 will be shown in box 7. If a charge or payment was made against the cash value of an annuity contract or the cash surrender value of a life insurance contract for the purchase of qualified long-term care insurance, an amount will be shown in this box and Code W will be shown in box 7. You need not report these amounts on your tax return.

Box 2a. This part of the distribution is generally taxable. If there is no entry in this box, the payer may not have all the facts needed to figure the taxable amount. In that case, the first box in box 2b should be checked. You may want to get one of the free publications from the IRS to figure the taxable amount. See additional information on the back of Copy 2. For an IRA distribution, see IRAs and Roth IRAs above. For a direct rollover, other than from a qualified plan to a Roth IRA, zero should be shown, and you must enter zero (-0-) on the "Taxable amount" line of your tax return.

If this is a total distribution from a qualified plan and you were born before January 2, 1936 (or you are the beneficiary of someone born before January 2, 1936), you may be eligible for the 10-year tax option. See the Form 4972 instructions for more information.

Box 2b. If the first box is checked, the payer was unable to determine the taxable amount, and box 2a should be blank. If the second box is checked, the distribution was a total distribution that closed out your account. If you are an eligible retired public safety officer who elected to exclude from income distributions from your eligible plan used to purchase certain insurance premiums, the amount shown in box 2a has not been reduced by the exclusion amount. See the instructions for Form 1040 or Form 1040A for more information.

Box 3. If you received a lump-sum distribution from a qualified plan and were born before January 2, 1936 (or you are the beneficiary of someone born before January 2, 1936), you may be able to elect to treat this amount as a capital gain on Form 4972 (not on Schedule D (Form 1040)). See the Form 4972 instructions. For a charitable gift annuity, report as a long-term capital gain on Schedule D.

Box 4. Shows federal income tax withheld. Include this amount on your income tax return as tax withheld, and if box 4 shows an amount (other than zero), attach Copy B to your return. Generally, if you will receive payments next year that are not eligible rollover distributions, you can change your withholding or elect not to have income tax withheld by giving the payer Form W-4P.

Box 5. Generally, this shows the employee's investment in the contract (after-tax contributions), if any, recovered tax free this year; the portion that is your basis in a designated Roth account; the part of premiums paid on commercial annuities or insurance contracts recovered tax free; or the nontaxable part of a charitable gift annuity. This box does not show any IRA contributions. If the amount shown is your basis in a designated Roth account, the year you first made contributions to that account may be entered in the box next to box 10.

Box 6. If you received a lump-sum distribution from a qualified plan that includes securities of the employer's company, the net unrealized appreciation (NUA) (any increase in value of such securities while in the trust) is taxed only when you sell the securities unless you choose to include it in your gross income this year. See Pub. 575 and the Form 4972 instructions. If you did not receive a lump-sum distribution, the amount shown is the NUA attributable to employee contributions, which is not taxed until you sell the securities.

Box 7. The following codes identify the distribution you received. For more information on these distributions, see the instructions for your tax return. Also, certain distributions may be subject to an additional 10% tax. See the instructions for Forms 5329 and 8606.

- 1 - Early distribution, no known exception (in most cases, under age 59 1/2).
- 2 - Early distribution, exception applies (under age 59 1/2).
- 3 - Disability. 4 - Death. 5 - Prohibited transaction.
- 6 - Section 1035 exchange (a tax-free exchange of life insurance, annuity, or endowment contracts). 7 - Normal distribution.
- 8 - Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 2012.
- 9 - Cost of current life insurance protection.
- A - May be eligible for 10-year tax option (see Form 4972).
- B - Designated Roth account distribution.
- D - Excess contributions plus earnings/excess deferrals taxable in 2008.
- E - Excess annual additions under section 415 and certain excess amounts under section 403(b) plans. F - Charitable gift annuity.
- G - Direct rollover of a distribution (other than a designated Roth account distribution) to a qualified plan, a section 403(b) plan, a governmental section 457(b) plan, or an IRA.
- H - Direct rollover of a designated Roth account distribution to a Roth IRA.
- J - Early distribution from a Roth IRA, no known exception (in most cases, under age 59 1/2). L - Loans treated as distributions.
- N - Recharacterized IRA contribution made for 2012 and recharacterized in 2012.
- P - Excess contributions plus earnings/excess deferrals taxable in 2011.
- Q - Qualified distribution from a Roth IRA.
- R - Recharacterized IRA contribution made for 2011 and recharacterized in 2012.
- S - Early distribution from a SIMPLE IRA in first 2 years, no known exception (under age 59 1/2).
- T - Roth IRA distribution, exception applies.
- U - Dividend distribution from ESOP under sec. 404(k).
- W - Charges or payments for purchasing qualified long-term care insurance contracts under combined arrangements.

Box 8. If you received an annuity contract as part of a distribution, the value of the contract is shown. It is not taxable when you receive it and should not be included in boxes 1 and 2a. When you receive periodic payments from the annuity contract, they are taxable at that time. If the distribution is made to more than one person, the percentage of the annuity contract distributed to you is also shown. You will need this information if you use the 10-year tax option (Form 4972). If charges were made for qualified long-term insurance contracts under combined arrangements, the amount of the reduction of the investment in the annuity or life insurance contract is reported here.

Box 9a. If a total distribution was made to more than one person, the percentage you received is shown.

Box 9b. For a life annuity from a qualified plan or from a section 403(b) plan (with after-tax contributions), an amount may be shown for the employee's total investment in the contract. It is used to compute the taxable part of the distribution. See Pub. 575.

Boxes 10-15. If state or local income tax was withheld from the distribution, boxes 12 and 15 may show the part of the distribution subject to state and/or local tax.

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Get Answers to Your Questions!

Having difficulty understanding your Explanation of Benefits (EOB), deductibles, copays and out-of-pocket costs? In 2013 UnitedHealthcare will continue to have a representative available to assist you with understanding these issues or other concerns you may have. The representative from UnitedHealthcare will be available on a first come first serve basis at the following locations and times:

Wilson Park 2601 W. Howard Avenue 12:00 p.m. – 4:00 p.m.	Wednesday, January 09, 2013 Wednesday, April 10, 2013 Wednesday, July 10, 2013 Wednesday, October 9, 2013
Clinton Rose Senior Center 3045 N. Martin Luther King Drive 9:00 a.m. – 1:00 p.m.	Wednesday, February 13, 2013 Wednesday, May 8, 2013 Wednesday, August 14, 2013
Washington Park Senior Center 4420 W. Vliet Street 9:00 a.m. – 1:00 p.m.	Wednesday, March 13, 2013 Wednesday, June 12, 2013 Wednesday, September 11, 2013 Wednesday, December 11, 2013

Life Insurance, W2s and Imputed Income

Imputed income is the dollar value that the IRS puts on the amount of group term life insurance coverage in excess of \$50,000. Imputed income occurs when individuals with more than \$50,000 of life insurance pay less for the coverage than the IRS has determined it to be worth.

Under current tax laws, you are required to pay income taxes on the "value" of your provided basic life insurance coverage in excess of \$50,000. The "value" is determined by your age and schedule established by the IRS. This tax liability is added to your gross wages and is included on your W-2 at the end of each year.

If you are required to pay income taxes on the value of your life insurance, Milwaukee County will mail a W-2 to you no later than January 31, 2013.

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New Retirees (Continued)

*Judith Roemer-
Munz
Linda Stegall*

*Mary Tesensky
Johnnie Watts
David Weronka*

In Memoriam

Please keep the families of these recently deceased retirees and spouses in your thoughts:

*Joan Bennett
Martha Bingenheimer
Richard Braun
Frank Clark
John Coffey
Dorothy Crowell
William Doyne
Carson Easton
Luther Evans
Harold Fuller*

*Virginia Grabowski
Marion Hartman
Ronald Krane
Arlene Kroening
Raymond Lorberter
Roscella Maclin
Jean Rakowski
David Slrwinski
Lorraine Vogl*

Happy New Year!