

## CA Withholding Tax Increase

**CALIFORNIA INCREASES WITHHOLDING TAX EFFECTIVE NOVEMBER 1, 2009.** *SamCERA* retirees and survivors who have California tax withheld based on State withholding tables will see an increase in the amount of tax withheld. **Beginning with their November payments, those affected by this withholding increase will notice a lower dollar amount on their net monthly allowances.**

ABX4 17, which was enacted by the California legislature and signed by Governor Schwarzenegger on July 28, 2009, in response to the ongoing State budget crisis, requires the California Franchise Tax Board to adjust payroll withholding tables to generate an additional ten percent in withholding tax.

**Payroll withholding tables apply to pensions, as well as wages.**

By increasing payroll withholding, the statute assures the State will receive more tax revenues throughout the year.

### **NOT A TAX INCREASE**

It is important to understand that **AB 17 increases payroll tax withholding; it does not increase California personal income tax rates.**

### **WHO IS AFFECTED**

The increase in payroll withholding affects individuals who are paid wages in California on or after November 1, 2009. **This includes retirees and survivors who have submitted a Tax Withholding Form directing *SamCERA* to withhold tax based on the California withholding tables.**

### **WHO IS NOT AFFECTED**

- Individuals who direct *SamCERA* **not** to withhold California State income tax from their retirement or survivor allowances.
- Individuals who direct *SamCERA* to withhold a **designated** amount of California tax from their monthly allowances.
- Retirees and survivors who reside outside of California.

### **TO ADJUST YOUR TAX WITHHOLDING ELECTIONS**

You may adjust your California, as well as federal, tax withholding elections at any time. You may submit new withholding elections using any of the following methods:

- Download and submit a copy of the tax withholding form located at [http://www.edd.ca.gov/pdf\\_pub\\_ctr/de4p.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de4p.pdf). Mail the completed form to *SamCERA*, 100 Marine Parkway, Suite 125, Redwood Shores, CA 94065

- Call *SamCERA* 650-599-1234 to have a Tax Withholding form mailed to you. Mail the completed form to *SamCERA*, 100 Marine Parkway, Suite 125, Redwood Shores, CA 94065
- Fax completed form to 650-591-1488
- Scan completed form and e-mail to [samcera@samcera.org](mailto:samcera@samcera.org)
- Submit the completed form in person at 100 Marine Parkway, Suite 125, Redwood Shores, CA 94065

Requests to adjust tax elections received by the 15th of the month will be applied to that month's allowance; requests received after the 15th will be applied to the following month's allowance.

***SamCERA* cannot make recommendations regarding your tax withholding elections.** Consult with professional advisors regarding tax or legal matters; *SamCERA* does not offer tax or legal advice.