

Compass

EMPLOYEES' RETIREMENT SYSTEM OF
RHODE ISLAND
50 SERVICE AVENUE
WARWICK, RI 02886
PHONE:(401) 462-7600
FAX: (401) 462-7691
WEBSITE: WWW.ERSRI.ORG
EMAIL: ERSRI@ERSRI.ORG



Dear Members:

One year ago, we came together and made tough decisions with two objectives in mind - to provide you with retirement security and to fix our ailing pension system, once and for all. The Rhode Island Retirement Security Act, passed by the General Assembly, made the system stronger and ensures that the pension benefits you've worked so hard for will, in fact, be there for you when you retire.

Since passage, implementation and education have been a top priority for me and my team. ERSRI and TIAA-CREF, the state's new defined contribution administrator, worked tirelessly to keep you informed about how the changes affect you. Our combined outreach effort reached about 8,000 members through in-person education sessions and online webinars. If you would like to host an education session at your place of employment, please contact us.

As work continues to implement these reforms, send us your questions and concerns.

Sincerely,

Gina M. Raimondo
General Treasurer

Switch to Direct Deposit

Don't get caught in the rain! Hurricane Sandy slowed the delivery of some mailed pension checks due to post office closures. To avoid delays, consider switching to direct deposit today. Call (401) 462-7600 for more information.

Update your email

Another quick and easy way to receive information from ERSRI is to have the most accurate email address on file. It's always best to provide ERSRI with a personal email address to enable us to communicate with you efficiently and inexpensively. Consider updating your email today by calling (401) 462-7600 or emailing ersri@ersri.org.

2012 Retirement Board Election Results

In January 2012, all the sitting members of the Retirement Board won re-election.

A special election was needed in August to replace Linda Riendeau. Her successor and the board's newest member is Claire M. Newell, an active state employee of the Department of Elementary and Secondary Education. Ms. Newell, a 26-year state employee, has served fourteen years as President of Local 2872-Department of Education, Recording Secretary for AFSCME, Council 94, Executive Board member of RI-AFL-CIO and has been a team captain for ten years for the *Making Strides Against Breast Cancer* walk.

The elected Retirement Board members who will serve the next four years are: John J. Meehan (active state employee representative), Louis M. Prata (active municipal employee representative), John P. Maguire and William B. Finelli (teacher representatives), and Michael R. Boyce and Roger P. Boudreau (retiree representatives).

William B. Finelli was re-elected Vice Chair of the Board.

Don't risk it!

If you are participating in Post Retirement Employment (PRE), the law requires that you and your employer report employment status monthly to ERSRI. If you don't report, you risk losing pension benefits.

The monthly reporting forms are available on our website at www.ersri.org. Please do not alter these forms in any way, as altered forms will no longer be accepted.

If the type of employment you are participating in is not listed on the form or if you have any questions relating to PRE, please call, write, or email our office.

Myth: Retirees who work as consultants or for corporations do not need to report their employments under the PRE law.

Fact: Retirees working as consultants or for a corporation are NOT excluded from PRE laws and must report and adhere to the PRE law.

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Free financial counseling

TIAA-CREF recently opened an office in Providence to better serve you and to help you manage your new defined contribution plan. Through a Member Services benefit, now you can take advantage of TIAA-CREF's free one-on-one financial counseling sessions. Financial counselors provide a holistic review of your finances and offer expert advice, free of charge.

You can call (800) 897-1026 or visit www.tiaa-cref.org/ri to learn more and schedule your personal session.

Update your beneficiary information

By law, ERSRI is required to pay the person who a member has named on the beneficiary nomination form, even in case of divorce or a predeceased beneficiary (in which case payment would be made to a member's estate). Plan ahead and avoid complication by updating your beneficiary information. Call (401) 462-7600 or email ersri@ersri.org

Disability Hotline

In September 2012, Treasury, along with the Attorney General's office, launched a disability hotline as a way for you to report incidents of disability pension abuse. For the first time, you have the ability to take direct action and help fight fraud. If you have concerns about disability fraud, please call the hotline at (401) 462-TIPS (462-8477).

Improving technology

ERSRI is continuing to make strides toward making sure the retirement system is operating efficiently for you. The retirement system is now moving forward to replace its aging pension administration computer platform. Morneau Shepell will work with ERSRI to design and build a new platform that will allow you to check all of your retirement benefits in one place, including your pension, defined contribution plan and health-care account. The new platform will also allow for better financial controls and reporting.

Rhode Island Retirement Security Act lawsuit update

In June 2012, five cases were brought by certain retired state employees, associations of retired state and municipal employees, and labor organizations on behalf of their members challenging the General Assembly's enactment in November 2011 of the Rhode Island Retirement Security Act (RIRSA). The Employees' Retirement System of Rhode Island is a named defendant in the litigation.

READING YOUR 1099-R FORM FOR 2012

You should receive your 2012 1099-R form by mail by the end of January 2013. The form provides the details concerning the benefit distributions you received during the 2012 tax year and should be used in filing your 2012 federal income taxes. If you have any questions, please call ERSRI at (401) 462-7600.

Special Note: The address shown on the 1099-R which you will receive will be the current address of record which the Employees' Retirement System of Rhode Island has on file when the forms are processed in January. If this address is incorrect, you may change the address on-line at www.ERSRI.org or submit a written request with your signature to change the address.

Box 1 contains the sum of all the benefit payments (before taxes) you received in 2012.

Box 2a contains the sum of your 2009 benefit payments minus your non-taxable monthly exclusion amounts*.

Box 4 contains the total amount of money withheld from your benefit payments in 2012 based on your withholding election.

Box 5 contains the sum of your non-taxable monthly exclusions for 2012.

Box 7 contains the IRS code identifying the type of distribution you received. The list below provides an explanation of the codes used by ERSRI.

CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code		1 Gross distribution \$	OMB No. 1545-0119 2012 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$	2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>	
PAYER'S federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$	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		5 Employee contributions / Designated Roth contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$	
Street address (including apt. no.)		7 Distribution code(s)	8 Other \$ %	This information is being furnished to the Internal Revenue Service.
City, state, and ZIP code		9a Your percentage of total distribution %	9b Total employee contributions \$	
1st year of desig. Roth contrib.		10 State tax withheld \$	11 State/Payer's state no.	12 State distribution \$
Account number (see instructions)		13 Local tax withheld \$	14 Name of locality	15 Local distribution \$

Form 1099-R Department of the Treasury - Internal Revenue Service

The "monthly exclusion amount" or "monthly exclusion" is the part of your benefit on which you have already paid taxes. If you made any after-tax contributions to your ERSRI account — for example, regular contributions you made before 1986 or through a buyback of service time — then you do not have to pay taxes on that part of your benefit. The non-taxable portion is listed in **Box 5**.

The codes below are found in **Box 7** and indicate the type of benefit being reported to IRS:

- 1 – Partial service retirement distribution being paid to a member who is under age 59 1/2 on December 31st of the tax year being reported.
- 2 – Service retirement or Pre-Retirement death benefit distribution being paid to a member who is under 59 1/2 on December 31st of the tax year being reported
- 3 – Disability retirement distribution.
- 4 – Indicates the amount reported is a death benefit lump sum distribution made to a decedent's beneficiary or survivor, including their trust or estate.
- 4G – Indicates the amount reported is a death benefit distribution which was a direct rollover distribution to a tax-sheltered annuity or a traditional IRA.
- 7 – Normal distribution
- 7A - For participants born before January 2, 1936, or their beneficiaries to indicate the distribution may be eligible for the 10-year tax option method of computing the tax on lump-sum distributions (Form 4972, Tax on Lump-Sum Distributions)
- G - Distribution Code G represents amounts that you elected to roll over to another qualified retirement account, such as an Individual Retirement Account (IRA). ERSRI transferred these funds to the financial institution as directed by you.

EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

50 Service Avenue

Warwick, RI 02886



Address Field

Gina M. Raimondo, General Treasurer

Chair, ERSRI Board

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U.S. Postage
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Providence, RI