

# Deferred Comp/NYCE IRA

# UPDATE

The Newsletter for the 457 and 401(k) Plans and the NYCE IRA



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## Annual Contribution Limits Increase in 2023

### Maximum Annual Contribution Amounts change in 2023

The table below explains the most you can defer into the Deferred Compensation Plan in 2023, based on which plans you participate in and your age.

<i>If you participate in the...</i>	<i>Your maximum contribution amount will be...</i>
457	\$22,500
457 and are at least 50 years of age	\$30,000
401(k)	\$22,500
401(k) and are at least 50 years of age	\$30,000
457 and 401(k)	\$45,000
457 and 401(k) and you are at least 50 years of age	\$60,000
457 and Deferral Acceleration for Retirement (DAR)	\$45,000 (\$22,500 regular deferrals and \$22,500 in DAR deferrals, if applicable)
457, 401(k) and DAR	\$67,500
457, 401(k), DAR and you are at least 50 years of age	\$75,000
NYCE IRA	\$6,500
NYCE IRA and are at least 50 years of age	\$7,500

## Customer Service Center Update

### Schedule your appointment online!

The Plan's customer service center continues to remain closed for walk-ins. However, you can make an appointment online to meet with a Customer Service Representative either in-person or virtually, using your smartphone, tablet or computer. Visit the Plan's website at [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp) to schedule your appointment. No registration is required. Appointments are available Monday through Friday, between 10 a.m. and 4 p.m. Once you schedule your appointment, you will receive a confirmation email as well as a reminder email the day before your appointment. We kindly ask that you arrive no more than 15 minutes before your scheduled appointment time. As a courtesy to others, we reserve the right to cancel your appointment if you are more than **15 minutes late**.

Important: If you schedule an in-person appointment, upon arrival at the Plan's Customer Service Center at 22 Cortlandt Street, 18th floor, New York, NY 10007, you will be required to wear a face covering/mask at all times.



## Bank Change for Participants Receiving Withdrawals

### *The Bank of New York Mellon to be New Payor*

The Deferred Compensation Plan will be changing its payment disbursement banking institution from State Street Bank to The Bank of New York Mellon effective January 1, 2023. If you are receiving current installment payments from your Deferred Compensation Plan or NYCE IRA account(s), you will see that the bank payor name will reflect The Bank of New York Mellon. There is no additional action needed on your part, all payments will continue to be sent to your bank account on file.

## Defer Your Managerial Lump Sum & Sick Leave Payout

### *Employees whose payroll status is Pending Lump Sum Payout*

If you have a 457 and/or a 401(k) Deferred Compensation Plan account, an amount equal to your current deferral percentage will be deducted from your Pending Lump Sum Payout as a contribution to your Deferred Compensation Account(s), subject to the 457/401(k) annual contribution limit and required payroll deductions, provided that the Pending Lump Sum Payout is received by the Plan by the later of two and one-half months after separation from City service, or the end of the year in which you separated from City Service. Any payments received after that time are not eligible for deferral to the Deferred Compensation Plan, in accordance with IRS regulations. You may wish to increase your deferral percentage to take advantage of the Plan's annual maximum contribution amount.

If you wish to have a Deferred Compensation Plan deduction taken from your Pending Lump Sum Payout you cannot submit a distribution request until after the deduction. You will be eligible for distribution after forty five days from the ceased date indicated on the City payroll system.

If you do not wish to have a deduction taken from your Pending Lump Sum Payout and would like your distribution request to be processed, you must suspend your deferral percentage. You will be eligible for distribution after forty five days from the date your deferral was suspended.

## Year-end Reminders

### *Understanding Your Form W-2*

The amount you contributed to the Deferred Compensation Plan in 2022 will be reflected in Box 12 of your 2022 Form W-2.

- The code "G" before the dollar amount represents pre-tax 457 contributions.
- The code "EE" represents Roth 457 (after-tax) contributions.
- The code "D" before the dollar amount represents pre-tax 401(k) contributions.
- The code "AA" represents Roth 401(k) (after-tax) contributions.

For income tax filing purposes, your adjusted gross income (reportable income) will be reflected in Box 1. THIS WILL HAVE ALREADY BEEN ADJUSTED BY PRE-TAX 457 AND PRE-TAX 401(k) AMOUNT(S) IN BOX 12.

### *Did You Receive a Distribution from the Plan in 2022?*

If you received a distribution payment during 2022, you will receive a 2022 Form 1099-R from the Plan's recordkeeper, Voya Financial.

### *Expecting a Distribution Check Soon?*

Please note that if you make any account transfers immediately prior to the processing of your distribution, this will delay your check or Electronic Fund Transfer.

### *Payroll Deferral Notes*

Are you contributing to the City's 401(k) Plan and a 401(k) or 403(b) plan with another employer? You must ensure that your contributions to all 401(k)'s and 403(b)'s combined do not exceed \$22,500 in 2023. If you contribute to the City's 401(k) Plan and the VDC Program, combined contributions (employee and employer) cannot exceed \$66,000 in 2023.



### **Changing Agencies?**

If you are changing agencies, you must complete a Change Form telling us the name of the new agency as soon as possible in order to avoid a break in your deferred compensation deductions. If you joined the Deferred Compensation Plan in lieu of paying FICA tax and experience a break in deductions due to an agency change, you may no longer meet the criteria for contributing to the Plan in lieu of FICA. You may be required to contribute to both until you re-qualify.

### **Changing Your Address?**

You must inform the Plan if you have a change of address. You can either complete a Change Form indicating your new address or sign into your account through the Plan's Web site at [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp) to make your change online. And don't forget to change your beneficiaries' address information, if they moved with you.

### **Changing Beneficiary Information**

You can continue to use the Change Form to change the beneficiaries you designated to receive your account, or the amounts you want each beneficiary to receive, but, you are required to have the form notarized. Make life simpler and make any beneficiary changes online.

### **Annual Report**

The Plan no longer mails copies of The City of New York Deferred Compensation Plan/New York City Employee IRA Comprehensive Annual Financial Report to participants. The annual report is available online in the Forms and Download section of the Plan's web site at [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp).

### **Leaving City Service Soon?**

If you are retiring or leaving City service, please note that you are not required to make any decisions regarding the distribution of your account immediately. You are able to postpone withdrawals up until you reach age 72, at which time you must begin taking your annual Required Minimum Distributions.

To attend a Distribution Planning webinar to learn more about your distribution options, call (212) 306-5050 or register online at [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp).

### **Contributing to the NYCE IRA for 2022?**

Contributions to the New York City Employee (NYCE) IRA should be sent directly to the NYCE IRA lockbox. Visit [nyc.gov/nyceira](http://nyc.gov/nyceira) to download the Deposit Form, which includes payment and mailing/wiring instructions. Checks must be received in the lockbox no later than 3 business days prior to the tax filing deadline (excluding extensions).

### **Flexible Spending Accounts Program and 414(h) Pension Pick-up**

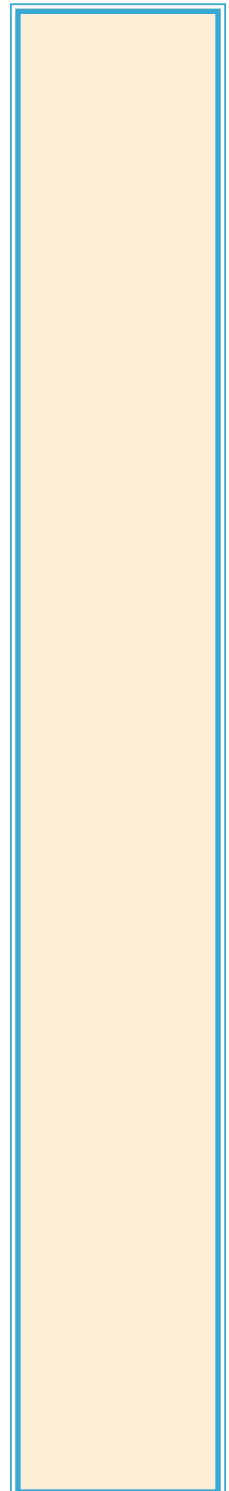
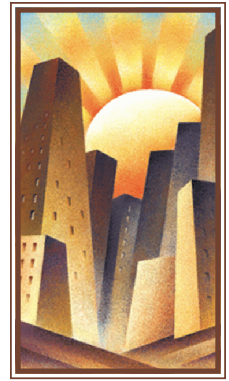
- **Box 14 of the Form W-2**

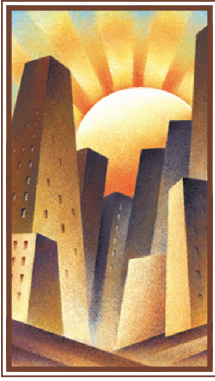
Box 14 will contain the entry "IRC 125" which will represent the total pre-tax dollars used for paying health insurance premiums in the Medical Spending Conversion Program (MSC), the pre-tax dollars used for dependent care expenses in the Dependent Care Assistance Program (DeCAP), and the pre-tax dollars used for out-of-pocket medical expenses in the Health Care Flexible Spending Account (HCFSA).

The entry "IRC 414H" pertains to the pre-tax dollars used to pay pension or VDC Program contributions. These two dollar amounts in Box 14, IRC 125 and IRC 414H, are pre-tax for federal tax purposes, but not for New York State and New York City tax purposes. Consequently, they must be added back in the area designated for that purpose on the New York State tax return at the time you file your taxes.

- **Box 10 of the Form W-2**

If you participate in DeCAP, you will also see the amount set aside for this purpose listed in Box 10. You must also attach Form 2441 Child Dependent Care Expenses to your Form 1040. If you file Form 1040A, you must file a Schedule 2 form, as well. For New York State tax purposes, the DeCAP amount in Box 10 can be ignored since the same amount is included in the IRC 125 amount in Box 14. It is there for federal tax purposes as a record of dollars deferred for dependent care expenses.





## Important Tax Information regarding Coronavirus Related Distributions (CRD)

In 2020, Coronavirus Related Distributions (CRDs) were offered by the Plan, pursuant to the Coronavirus Aid, Relief and Economic Security Act of 2020 ("CARES Act") and the subsequent IRS Notice 2020-50 and Notice 2020-51, to qualified individuals.

### *Inclusion of the Taxable Portion of the CRD in Income*

The CRD was not subject to the 20% mandatory federal tax withholding, and as such, participants could elect not to withhold any tax. Pursuant to CARES Act, the Plan reported the entire CRD on a Form 1099-R for tax year 2020. Generally, a CRD is included in a qualified individual's income in equal amounts over 3 years. However, the CARES Act allows qualified individuals to elect to include the entire amount in the year of the distribution.

Please note that this election cannot be made or changed after the timely filing of the individual's federal income tax return (including extensions) for the year of the distribution. For additional information regarding the tax effect of the CRD and reporting on your federal income tax return, please speak with your tax preparer or advisor.

### *Recontribution of CRD*

As stated above, the entire CRD must have been reported on a Form 1099-R for tax year 2020 but may be included in income ratably over 3 years. For example, an individual who withdrew \$30,000 in 2020 may report \$10,000 of income in 2020, 2021, and 2022. However, any amounts recontributed to the Plan reduce the amount of the CRD included in taxable income in the year of recontribution and may be eligible to be carried back to prior tax years.

A qualified individual may recontribute all or part of the CRD to the Plan (or another eligible retirement plan) within 3 years, beginning after the date the CRD was received. Amounts that are recontributed are treated as a trustee-to-trustee transfer and are not included in income.

Qualified individuals will use Form 8915-E to report a CRD and any recontribution made prior to filing their return. Form 8915-E also is used to determine the amount of the CRD includible in income for the tax year. Please consult with your tax advisor for further information on making a recontribution to the Plan.

Please be advised, any CRD paid to a qualified individual as a beneficiary of a participant of the Plan or NYCE IRA (other than the surviving spouse) cannot be recontributed.

For further information and to obtain a copy of the CARES Act Recontribution Form, please go to the Plan's website at [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp). In addition, we encourage you to attend a Deferred Compensation Plan Distribution Planning Webinar. To attend the free webinar, please call (212) 306-5050 or register online at [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp).

The material contained in this newsletter is for informational purposes only. This information does not constitute the offering of investment, financial, tax or legal advice or other expert advice. You may wish to consult an investment advisor, tax advisor or legal counsel or other expert before reaching any decisions.



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