

# SDCERA Tax Exclusion Worksheet

## Step 1: Determine which table applies to you.

### Table 1: Unmarried and Unmodified Option or Option 1

If you are unmarried and will select either the Unmodified Option or Option 1 retirement benefit, find the number opposite your age as follows:

Retiree age when benefit commences	Divide by	Years to recover
not more than age 55	360	30.00
more than 55 but not more than 60	310	25.83
more than 60 but not more than 65	260	21.67
more than 65 but not more than 70	210	17.50
more than 70	160	13.33

### Table 2: Married and Unmodified or Options 2, 3 or 4

If you are married and select the unmodified retirement benefit **or** you select an Option 2, 3 or 4 retirement benefit, you will use a different formula to calculate the monthly benefit amount **not** subject to tax. Determine your and your beneficiary's combined age and the number opposite this age as follows:

Combined age of retiree and beneficiary when benefit commences	Divide by	Years to recover
110 or less	410	34.17
111-120	360	30.00
121-130	310	25.83
131-140	260	21.67
141 and over	210	17.50

## Step 2: Worksheet (requires your total after-tax employee contributions)

**Total after-tax employee contributions**

\_\_\_\_\_

**Divide by the number shown in the applicable table**

\_\_\_\_\_

**This is the nontaxable amount of each monthly payment**

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The nontaxable amount of your monthly benefit is reflected on your monthly retiree earnings statement as *Basic Allowance Non-Taxable*.

This calculation of the nontaxable amount is effective with the start date of your benefit payment and remains constant, even though your monthly payment may increase due to cost-of-living adjustments. Your tax-free exclusion ends when you have received the total amount of your after-tax employee contributions shown in the above worksheet. Then, the entire retirement benefit will be fully taxable.

Please note that the calculation factors above are taken from federal tax laws, which are subject to change. More information on the taxation of retirement benefits may be obtained from the Internal Revenue Service in IRS Publication 575 and in the instructions for Form 1040.

*\*If you don't have an estimate either from a retirement meeting or individual request, you can request your after-tax contributions in writing. Send your request to SDCERA, attention: Operations and allow 2-3 days for a written response.*