



November 3, 2020

**IMPORTANT NOTICE TO ALL CFRS RETIREES
WHO RECEIVE SERVICE-CONNECTED DISABILITY RETIREMENT
("SCDR") BENEFITS AND APPLICANTS FOR SCDR FROM CFRS**

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ADMINISTRATOR
ROBERT T. THELLER

The City of Fresno Retirement System ("CFRS") wants to provide you with information about the potential taxation of your benefits.

CFRS is currently conducting an internal audit of our tax reporting of service-connected disability retirement benefits, especially in relation to disability retirement benefits for members participating in the deferred retirement option program ("DROP"). As a most immediate step, we are determining the extent to which 1099-Rs require different reporting of the portion of retirees' and their survivors' benefits that are exempt from taxation, than may have been previously reported.

While the project is in process, CFRS will be treating lump-sum distributions from DROP as eligible rollover distributions. This means that such distributions are taxable (subject to certain circumstances) and are subject to mandatory withholding of 20% for federal income taxes if not directly rolled over.

We apologize that this project may create some difficulty or uncertainty for you and may cause a delay in our ability to give you an estimate of the taxation on your benefit. Certainly, we hope you understand that we have an obligation to properly report all benefits in accordance with the requirements of the federal Internal Revenue Code.

If you have questions, please contact our office at (559) 621-7080, 8:00 am – 5:00 pm, Monday through Friday.

Thank you,

Robert Theller
Retirement Administrator