

IMPORTANT NOTICE TO ALL CFRS RETIREES/BENEFICIARIES RECEIVING SERVICE-CONNECTED DISABILITY RETIREMENT (“SCDR”) BENEFITS AND APPLICANTS WITH A PENDING SCDR FROM CFRS

The City of Fresno Retirement System (“CFRS”) and its tax counsel discussed IRS communication and instructions along with CFRS’ approach to responding and correcting 1099-Rs for tax years 2017-2019 during its April 27, 2021, Joint Retirement Board meeting. At that meeting Tax Counsel recommended, and the Boards directed retirement staff to:

- (1) Issue Corrected 1099-Rs for 2018 and 2019. Retirement staff anticipates 2018 and 2019 corrected 1099-R data available in September 2021 and revised 1099-Rs mailed in October 2021. To this end, you must ensure we have your most current contact information on file: address, phone, and email information. You may verify your information through:
 - MemberDirect
<https://memberdirect.cfrs-ca.org/WMSWebsite/Login.aspx>
 - Emailing the Retirement Office
Retire@fresno.gov
 - Telephoning us (559) 621-7080
- (2) Provide prior year tax data demanded by the IRS for as many years as possible. Retirement staff anticipates previous year data to be available to tax counsel and then IRS in September 2021.

The matter of IRS imposed fees and interest, a result of corrected 1099s, is still under discussion. We will continue to update you on this important matter as information becomes available from the IRS.

We apologize this limited and not yet final information will create difficulty and uncertainty. Please understand that we are required by law to report all benefits and tax matters under the requirements of applicable tax law as well as follow the instructions from the IRS for these corrections.

Thank you

Timeline of the still developing IRS SCDR tax issues:

- In the fall of 2020, potential errors were discovered in the calculation and reporting of the tax excludable amount of a service-connected disability retirement.
- Tax Council presented to the Retirement Boards in Open Session, January 2021. Scope of Concern, Years and Members, Timeline, and Corrections to Mitigate Interest and Penalties.
- Retirement’s pension administration system was reprogramed and in late January 2021, tax year 2020 1099-Rs issued.
- Tax Council presented to the Retirement Boards in Open Session, April 2021. Following tax counsel’s presentation, the Boards directed staff to issue corrected 1099-Rs for 2018 and 2019 and develop previous year data as requested by the IRS.