

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

As set forth in the August 2021 “Important Notice by City of Fresno Retirement System (“**CFRS**”) to All CFRS Retirees/Beneficiaries Receiving Service-Connected Disability Retirement (“**SCDR**”) Benefits and Applicants with a Pending SCRS from CFRS,” CFRS and its tax counsel discussed CFRS’ approach to responding and correcting 1099-Rs for tax years 2017-2019 during its January 26, 2021 and April 27, 2021, Joint Retirement Board meetings.

As the result of those discussions, the Boards directed retirement staff to:

- (1) Issue Corrected 1099-Rs for 2018 and 2019.
- (2) Develop tax data for as many prior years as possible to present to the IRS.

After much work, the retirement staff has completed its preparation of the corrected 1099-Rs. Accordingly, your corrected 1099-Rs for 2018 and/or 2019 are enclosed.

Retirement staff has developed previous year data that is available to it for the years 2012-2017, but revised 1099-Rs will not be issued for those years because they are “closed” under applicable rules of the Internal Revenue Service (“**IRS**”).

The matter of potential interest and/or penalties resulting from corrected 1099-Rs and underreported income for prior years is being presented to the IRS by CFRS. CFRS is endeavoring to reach a resolution in which the IRS agrees not to impose interest and penalties on any CFRS retirees as a result of these corrected 1099-Rs, and any prior underreporting by CFRS. CFRS will also coordinate as needed with the California Franchise Tax Board (“**FTB**”) as discussions with the IRS progress. We will continue to update you on this important matter as information becomes available from the IRS and/or FTB.

We understand that the fact this information is limited, and not yet final, may create difficulty and uncertainty for you. 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 and FTB for these corrections. Please also understand that we cannot provide tax advice to our members/beneficiaries.

You should consider with your tax preparer/accountant whether to file an amended federal and state tax return(s) based on the corrected 1099-R(s). Of course, each retiree’s situation will be different. Again, CFRS is attempting to address any interest or penalties associated with the late filing with the IRS (and coordinate with the FTB) so that you only will be responsible for the taxes associated with the corrected 1099-R. Once CFRS has more information from its discussions with the IRS and FTB, we expect to send you another letter with further information regarding any potential interest and penalties.

Thank you.