



Aetna Retirees Association, Inc
PO Box 280165
East Hartford, CT 06128

News

VOLUME XIV, EDITION 1

JANUARY 2018

CONNECTICUT MANDATORY INCOME TAX WITHHOLDING (APPLIES TO CONNECTICUT RESIDENTS ONLY)

Pension Withholding Change for Connecticut Retirees

Many of you have inquired about the new Connecticut Income Tax withholding rules on pensions. A week or so ago, we questioned our contacts at Aetna on this important issue. They have responded as shown in the following commentary.

At a very high level, Aetna is going to implement this change beginning in April. Connecticut based retirees do not need to submit a new form. However, if they wish to have an amount other than 6.99% withheld, they will need to submit a new form. This new withholding applies to all distributions regardless of size. Retirees can submit a new form if they would like anything other than 6.99% - this includes maintaining their current (pre 4/1) withholding beyond 4/1.

Retirees can submit a new form beginning February 15, 2018 (prior to this Aight will not be ready). For the April payment, the cutoff will be March 2, 2018. If retirees submit a new form after this, the withholding change will catch up with them in the next reasonable cycle. Retirees can submit the form by calling 1-800-AETNA-HR, going online to YBR, or they can mail in the form. All of this is in the Q&A.

Until the 4/1 implementation, the current withholding process will apply.

Aight (Aon Hewitt) will have all of this information. Some of this will be in the letter. FAQs are shown below and will also be posted on the bswift portal as well.

Background

The State of Connecticut has changed its tax treatment of pension benefits and, as a result, payments to Connecticut residents will be subject to mandatory state income tax withholding.

Connecticut income tax withholding will now be determined using the same method that employers use to determine the Connecticut income tax withholding from an employee's wages.

If a Connecticut Payee does not provide Aetna with a completed Form CT-W4P, Withholding Certificate for Pension or Annuities, Aetna will be required to withhold Connecticut income taxes at a rate of 6.99%.

Background Questions

Q1: When will Aetna be implementing these changes?

A1: While the new Connecticut income tax withholding requirements are effective January 1, 2018, changes to the Alight (Aon Hewitt) and IBSS systems will be implemented in time for the March 31, 2018 or the April 1, 2018 pension payments. Retirees can file a new CT-W4P during the period February 15, 2018 to March 2, 2018 to change withholding for the March 31 or April 1, 2018 check.

Q2: How do I file a new CT-W4P?

A2: The most secure way is to call 1-800-AETNA-HR (1-800-238-6247) between 8:00 am - 8:00 pm ET, and follow the prompts for pension, or, access the Your Benefits Resources website at <http://www.ybr.com/aetna>. You can also mail your CT-W4P to:

Aetna Human Resource Contact Center
4 Overlook Point
PO Box 1445
Lincolnshire, IL 60069-1445

Q3: When will existing Connecticut payees be informed of these changes?

A3: Alight will be sending letters, on behalf of Aetna, to approximately 7,000 Aetna retirees in the near future.

Background Questions
(Continued from Page 2)

Q4: What about new Connecticut payees that are processed after the letters have been mailed?

A4: We will monitor weekly to determine if any new Connecticut payees have been processed. If we discover that a new Connecticut payee has been processed, we will send them a letter informing them of the changes to the Connecticut income tax withholding requirements.

Q5: Can we still accept flat elections (i.e. the old CT W4P)?

A5: Yes, we can continue to accept and process flat elections until we implement the required Connecticut income tax withholding changes (approximately March 16th). After the changes have been implemented, if we have not received a new Form CT W4P, Connecticut income tax withholding will be defaulted to 6.99%.

Questions Related to Alight's Letter sent on Behalf of Aetna

Q6: Why did Aetna send me this letter? Do I need to respond?

A6: Aetna sent you the letter to inform you of the changes to Connecticut's income tax withholding rules.

Retirees do not need to respond. If you do not provide Aetna with a new CT-W4P, Aetna will be required to calculate your Connecticut income tax withholding at the rate of 6.99% of your pension payment (e.g., \$100.00 times 6.99% equals \$6.99). This new withholding rate applies to all pension distributions regardless of the amount of the pension benefit. So, even a very small benefit amount will be subject to mandatory withholding if a CT-W4P is not provided to Aetna.

If you want income tax withholding at a rate other than 6.99% after April 1, 2018 (including your current withholding rate) you **must** provide Aetna with a new Form CT-W4P.

*Questions Related to Alight's Letter sent on Behalf of Aetna
(Continued from Page 3)*

Q7: I am currently having Connecticut income taxes withheld from my monthly pension payment. Will Aetna continue to honor my existing Connecticut income tax withholding election until they can implement the required Connecticut income tax withholding changes?

A7: Yes.

Q8: Do I include my Social Security benefits when determining my Connecticut Withholding Code?

A8: Connecticut has provided the following guidance on this question:

For purposes of determining your withholding code, **DO NOT INCLUDE** your Social Security benefits **IF**:

- Your filing status is Single or Married Filing Separately and your federal adjusted gross income **is less than \$50,000**; or
- Your filing status is Married Filing Jointly, Qualifying Widow(er), or Head of Household and your federal adjusted gross income **is less than \$60,000**.

If your federal adjusted gross income is above these limits income limits for your filing status, then include 25% of your total Social Security benefits.

Q9: Is there any way for me to estimate what my Connecticut income tax withholding will be based on the election I submit?

A9: Yes. The Connecticut Department of Revenue Services has published their 2018 Withholding Tables. They can be found on their website: www.ct.gov/drs/

Q10: How often can I change my Connecticut income tax election?

A10: You can change your income tax withholding election, by submitting a new CT W4P, as often as necessary. Your changes will become effective your next monthly payment.

As you communicate with a retiree, retiree group or a colleague, we encourage you to provide them with information and the benefits of joining ARA. Please refer any prospective members to our website at www.aetnaretirees.com for additional information and an application form. Further, you may encourage prospective members to contact any Board Member for additional information. If, however, a retiree or colleague does not wish to become an active member and would still like to hear what we are doing, please have them state “communications only” on the application. We will send them our communications.

CONTACT ARA!

We welcome your comments, questions, ideas and letters to the editor. See mail and website addresses on page 1.

Marilyn Wilson, Editor