

NEW TAX LAWS HELP YOU SAVE FOR RETIREMENT AND COLLEGE

Congress passed a package of tax breaks in December that can help you save for college and retirement. Here's how to make the most of these breaks.

The American Opportunity Credit has been made permanent.

This credit is worth up to \$2,500 per year for college tuition and fees for each student in their first four years of undergraduate education. To qualify, your modified adjusted gross income must be less than

\$90,000 if single or head of household, or \$180,000 if married filing jointly.

You can now use money from a 529 college-savings plan tax-free for a computer, printer, scanner, and Internet access for a college student, even if it is not required for enrollment. You don't need to be a full-time student to qualify.

People who are 70½ and older can give up to \$100,000 tax-free from their IRA to charity. The gift counts as their required minimum distribution but does not increase their adjusted gross income, which can help lower their tax bill, and may also reduce their Medicare premiums and the portion of their Social Security benefits that is subject to taxes. After years of offering this break, letting it expire and then retroactively reviving it, Congress has made it permanent.



Continued at www.icmarc.org/retire

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5 RULES FOR NAVIGATING MARKET VOLATILITY

Even if you're investing for the long term, short-term volatility can be difficult to stomach. Learn about five steps that can help.

WHY YOU NEED ESTATE PLANNING

Estate planning isn't just for wealthy people. Instead, it can help you control what happens to your assets after you die or if you become incapacitated.

HOW TO PROTECT YOURSELF FROM SCAMS

Spring is prime time for scam artists to try to steal your identity and your money. Learn how to protect yourself.

ASK ICMA-RC

Find out about factors to consider when choosing a beneficiary for your retirement accounts.

And to learn more about:

- ▶ building an emergency fund
- ▶ more new ways to save on taxes
- ▶ stretching your paycheck

visit www.icmarc.org/save

MAKE THE MOST OF YOUR TAX REFUND

If the government owes you a tax refund, here's when to expect the money and how to make the most of it. The average refund was around \$2,800 last year, which can make a big difference in your financial situation.

The IRS generally processes e-filed returns within 21 days after you file, but it can take six to eight weeks to process a mailed return after the date it is received. You can check on the status of your refund by using the IRS's Where's My Refund? tool at www.irs.gov/refunds. You'll need to provide your Social Security number, your filing status, and the exact amount of the refund shown on your tax return. You can start to use the tool within 24 hours after the IRS receives an e-filed return, or four weeks after the IRS receives a mailed paper return.

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AROUND ICMA-RC

PUBLIC SERVICE RECOGNITION WEEK.

May 1-7, 2016, has been set aside for special appreciation of the value and services government employees provide to all Americans. Visit www.publicservicerecognitionweek.org for more information. We at ICMA-RC would like to thank all local and state government employees for their dedicated service to our communities.

UPDATING YOUR CONTACT INFORMATION.

ICMA-RC needs up-to-date contact information for you so we can send statements and other correspondence (including 1099-R and other tax forms) to your correct address. In addition, your current email address and phone number allow us to contact you in a more timely manner, when necessary.

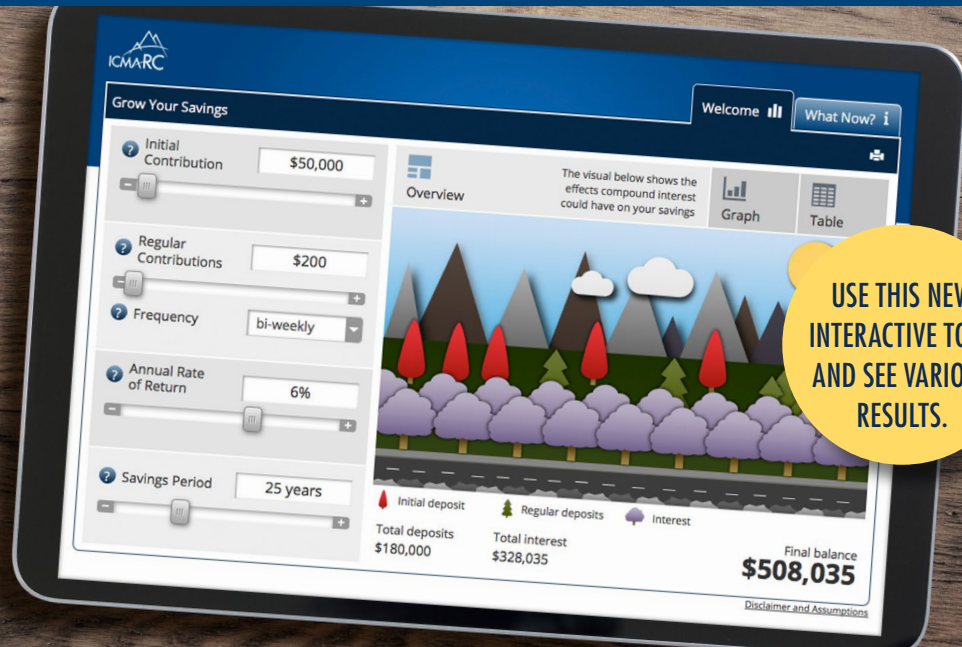
You can update your contact information by signing in to your account at www.icmarc.org/login. Go to the My Account tab, then My Profile and then Personal Information. Click on the “edit” button highlighted in blue, which allows you to update all data in this section.

ICMA-RC MOBILE APP.

Use our mobile app to manage your retirement-savings account and check out financial education resources, such as videos and calculators. The app is free and available at the App Store® and Google Play™. Visit www.icmarc.org/mobile-app for details.

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CAN YOU SAVE MORE?



Test it: www.icmarc.org/grow

RETIREE CORNER

Social Security Strategies

Social Security can be a valuable source of income in retirement, and estimating how much you'll get is a critical step in calculating how much you need to save to fill in the gaps.

The timing of claiming benefits makes a big difference. You can start taking benefits anytime from age 62 to 70. The older you are when you start, the higher your monthly payouts will be. Social Security first calculates how much you deserve at “full retirement age,” which is 66 for people born from 1943 through 1954. If you take benefits at age 62 instead, your payouts will be reduced by 25 percent from that amount (and they may also be affected if you're still working and receiving benefits before



full retirement age). Delaying benefits past your full retirement age will boost your annual payouts by 8 percent for every year you wait until age 70. The longer you live, the more benefit you'll receive from waiting. You can create a *mySocialSecurity* account at www.ssa.gov/myaccount to see a personalized estimate of your benefits.

A special rule, called the “windfall elimination provision,” affects the Social Security benefits of some public sector workers whose jobs are not covered by Social Security. See www.ssa.gov/wep.

The content of this publication provided by ICMA-RC is general information regarding your retirement benefits. It is not intended to provide you with or substitute for specific legal, tax, or investment advice. You may want to consult with your legal, tax, or investment adviser to review your own personal situation. Some of the products, services, or funds detailed in this publication may not be available in your plan. This document contains information obtained from outside sources and it references external websites. While we believe this information to be reliable, we cannot guarantee its complete accuracy. In addition, rules and laws can change frequently.

ARTICLE 1 OVERFLOW

You can deduct either state income tax or state sales tax when filing your return, which can be a particularly valuable option for itemizers who live in states with little or no income tax.

If you make a down payment of less than 20 percent when you buy a house, you generally have to pay private mortgage insurance. You can deduct the cost of PMI at least through 2016.

ARTICLE 2 OVERFLOW

While you're waiting, make a plan for the money. Paying off a credit-card balance with an 18 percent interest rate is like earning 18 percent on your money. Building up your emergency fund can help you avoid landing in debt and may make you more comfortable boosting your car insurance deductible to \$500 or \$1,000, which can reduce your premiums. You can also save up to \$5,500 in an IRA if you or your spouse has earned income for the year – plus an extra \$1,000 if 50 or older. The windfall can also help if you've been having a tough time juggling saving for college and retirement -- you can use it to save in a 529 college-savings plan, which you can use tax-free for college costs. Your state may also offer a tax break for 529 contributions.

If you happen to still need to file your tax return and you withdrew money from your 457 or 401 plans in 2015, ICMA-RC would have sent you Form 1099-R in January 2016 reporting your distributions for the prior year. Form 5498 for IRAs will go out in May 2016. You can also get copies of these forms online by logging in to Account Access at www.icmarc.org. Just click the View Statements & Confirms option from the home page to view, print, or save the document to your files.