



Connections

Staying connected with Michigan's retirees

December 2022

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Retiree spotlight

Still forging ahead in Florida

A Spanish teacher by vocation and vocalist by avocation, Nancy Reddy de Torres feels fortunate having done both despite intervening life circumstances.

"I retired in 2000 because I got fibromyalgia," a common musculoskeletal disorder, the 73-year-old Reddy de Torres said. "I was a Spanish teacher my whole career at Adams High School in Rochester Community Schools."

To retire, she bought 5 years of service to qualify for her Michigan Public School Employees' Retirement System pension. She sold the Lake Orion home she owned. She and her late husband, private practice attorney Don Reddy, wanted to embrace their passions for traveling and singing.

"We were definitely into harmonizing and harmony," she said of Reddy.

They met by chance when she was a soloist with his Rochester Hills barbershop chorus and got married in 1988. With both retired in 2000, they took to the road, purchasing a 41-foot Osprey Overland formerly owned by NASCAR driver John Andretti to traverse the United States.

"It was painted STP (motor oil company) colors and was a gorgeous motor home," Reddy de Torres said. "We had a wonderful time."



Nancy Reddy de Torres (left)
in a production of La Boheme.

In 2006, they moved to Naples, Florida. That was down the Gulf Coast from her Fort Myers Beach getaway with her first husband and their two children (Gregory Nash, a Chicago electrical engineer married with two children, and Cristina Nash, of Lake Orion).

Nancy and Don built there because its warm climate meant she'd endure less pain. Two years later, he died.

"My pension has been all the blessing in the world. I don't know how I could've lived," Reddy de Torres said. "If I didn't have my pension plus my Social Security, I wouldn't have been able to keep my home. I'm extremely happy about that."

A Western Michigan University graduate with master's degrees from Michigan State and Wayne State, her joys nowadays are bike rides, walks, beaches, the outdoors, and music. Although slowed by the coronavirus pandemic and a bout with COVID-19, she sings with **Choral Artistry** and the Spanish Choir at **St. Peter the Apostle Catholic Church** in Naples.

"I've had 22 years to deal with my illness. I've forged ahead," Reddy de Torres said. "I still miss Michigan dearly."

Do you have a story to share? Send it to ORS-RetireeStories@Michigan.gov.



Nancy Reddy de Torres in a
production of the Aida.



“You can update your federal tax withholdings in miAccount.”

From the director

Welcome to your December 2022 issue of the *Connections* newsletter.

The IRS updated the *W-4P* form, which is used for federal tax withholding, for 2022. While the redesigned form was available for use this year, the IRS delayed required use of the form until Jan. 1, 2023.

The form's changes are extensive, making things a bit more involved for calculating your federal tax withholdings. The good news is there is a bridge calculation available to figure your previous withholdings and transition those to the new *W-4P* filings.

You should complete our ***Income Tax Withholding Authorization (R0012X) form*** so the correct amount of federal income tax is withheld from your pension payments.

Because of IRS changes with the form, the Michigan Office of Retirement Services (ORS) has updated:

- miAccount Apply for Retirement (federal tax) and retiree Federal Tax Withholding screens.
- All ORS forms and letters which provide federal tax entries.

You can update your federal tax withholdings in miAccount by:

- Logging in to **miAccount**. (If you haven't registered yet, click **Sign Up**.)
- When you're logged in, click **Pension Payments**.
- Click **Tax Withholding**.
- Click **Edit** in the Federal Tax Withholding section. You have the option to calculate your federal tax withholding in miAccount before saving it.

By the way, if you're interested in sharing your retirement story for us to consider for a future issue, please send it to **ORS-RetireeStories@Michigan.gov**.

On behalf of everyone here at ORS, wishing you a safe and healthy holiday season.

A handwritten signature in black ink, appearing to read 'Anthony Estell'.

Anthony Estell, director
Michigan Office of Retirement Services



Tax season arrives in January

Income tax season looms for 2023

Get organized by gathering all your required forms to make filing your taxes easier. You want to be sure to report benefits you've received and claim the credits for which you're eligible. In addition, make sure you understand where to go for tax help and know the federal **Taxpayer Bill of Rights**.

Tax season officially begins in late January 2023, when the IRS will begin accepting and processing 2022 federal tax returns. Jan. 31, 2023, is the due date for employers to send W-2 forms, although you might not receive them by then. If you turned 72 years old in 2022, you have until April 3, 2023, to take your 2022 required minimum distribution from your retirement savings account(s).

The deadline for filing federal, state, and local income tax returns for 2022 gained income is *April 18, 2023*.

Social Security cost-of-living changes

Social Security and Supplemental Security Income (SSI) benefits for about 70 million Americans are **increasing 8.7% for 2023 because of cost-of-living adjustments (COLA)**, according to the Social Security Administration.

The COLA changes begin in January 2023 for more than 65 million Social Security beneficiaries; and increased payments for SSI beneficiaries start Dec. 30, 2022.

Tax year 2023 matters

Now's a perfect time to get ready for the 2023 tax year, too.

The IRS announced **tax year 2023 annual inflation adjustments** for more than 60 tax provisions, including tax rate schedules and other tax changes.



The tax items for tax year 2023 of greatest interest to most taxpayers include:

- The standard deduction for married couples filing jointly will be increasing to \$27,700, up \$1,800. For single taxpayers and married individuals filing separately, the standard deduction rises to \$13,850, up \$900; and for heads of households, the standard deduction will be \$20,800, up \$1,400.
- The top marginal rate remains 37% for individual single taxpayers with incomes greater than \$578,125 (\$693,750 for married couples filing jointly). The other rates are:
 - 35% for incomes over \$231,250 (\$462,500 for married couples filing jointly).
 - 32% for incomes over \$182,100 (\$364,200 for married couples filing jointly).
 - 24% for incomes over \$95,375 (\$190,750 for married couples filing jointly).
 - 22% for incomes over \$44,725 (\$89,450 for married couples filing jointly).
 - 12% for incomes over \$11,000 (\$22,000 for married couples filing jointly).
 - 10% for incomes of \$11,000 or less (\$22,000 for married couples filing jointly).



Tips for a secure password

The internet can be both a help and a danger. That's why the Michigan Office of Retirement Services wants to ensure our retirees enter the digital world of retirement with as much security as possible.

The one thing standing between your secure information and a hacker is your password. A good way to protect yourself is to add multifactor authentication on your accounts. This creates multiple steps for you to get into your account and there is an extra line of defense in case your password is discovered. It's important to know that a password should never be shared with anyone, even your loved ones.

Another tip for creating a secure password is using an acronym of a phrase and adding numbers and special characters to that phrase. For example, if you were thinking of making a password from the phrase "A picture is worth a thousand words," you could make it more secure by using the first letter of each word. In this case the password could be **Apiw1000W!** It's never a bad idea to mix the letters between upper and lowercase and to add numbers and special characters as well.

Change to federal tax withholding Jan. 1

Beginning Jan. 1, 2023, the federal tax withholding form will change which may impact the amount of money withheld from pension payments.

Although this change does not require action by our retirees, the Michigan Office of Retirement Services (ORS) is required to change how people update their federal tax withholding elections in the future whether in **miAccount** or by paper form.

If you change your federal tax withholdings after Jan. 1, 2023, there will be differences to your options such as filing single or married, etc. You will no longer be able to withhold a flat dollar amount. Also, there will no longer be a checkbox on paper forms to have no federal taxes withheld. However, the online **miAccount** form will have a checkbox at the bottom to have no federal taxes withheld.

Anyone who currently has a flat dollar amount withheld will automatically be calculated to have a standard withholding based on the marital status option of single or married, filing separately. All existing withholdings will be automatically recalculated using the IRS' new requirements effective Jan. 1.

For more information regarding federal tax withholding changes, visit the **IRS website** and search for W-4P.

ORS forms related to this change is updated on our **website**. You can make changes in **miAccount** at any time.



Consider making changes for retirement savings and investment

There's still *some* time to make retirement savings and investment adjustments with income-tax impacts for year-end 2022.

However, with the holidays looming, that opportunity is narrowing, said Eric Hoogstra, a Grand Valley State University clinical associate professor of finance and Seidman Financial Planning Certificate Program director.

"With the market being down, probably the biggest thing now is to move some of your Traditional IRA funds into a ROTH IRA," he said. "If you transfer them now, and pay taxes on this reduced amount, going forward the growth would be tax free."

If you are age 70½ or older, you may want to consider giving your charitable amounts from your traditional IRAs instead of from your taxable portfolios.

When you do this, it makes the distribution tax free. With the standard deduction now being so high (and that is not bad news), and most people no longer able to benefit tax wise from their contributions, this is an excellent alternative. In addition, doubling up on your charitable contributions within one year to push you over the standard limits and then take standard deductions in alternate years is also something that people do.

Contributing to a ROTH or traditional IRA can be done through April 18, 2023, to take the tax benefit for the 2022 tax year.

You can contribute to an IRA in retirement, but you need some earned income (salaries, wages, tips, or bonuses), according to the IRS. Income from dividends, interest or Social Security doesn't qualify.



"The biggest thing today is to look at your investments and make sure you're diversified enough within this current environment," he said. "Markets often move fast and being able to sleep at night with your investments can be important."

The retirement savings picture differs for someone age 30 compared to a 60 year old, said Hoogstra, the son of a Holland Public Schools psychologist and Hamilton Community Schools kindergarten teacher and a beneficiary of their Michigan Public Schools Employees' Retirement System pensions.

"Most people, as they age, they should probably get a little bit more conservative," he said. "When you're 50, you probably shouldn't be 100% in stocks anymore."



Ask our experts

Michigan Office of Retirement Services (ORS) experts answer frequently asked questions.

How do I update my address with ORS?

The fastest way to update both your physical and mailing address with ORS is in **miAccount**. If you have access to a computer, you can log in to miAccount and have your address updated in our system within seconds.

If you're not a registered miAccount user, click the sign-up button on the main page and you'll be directed to an area where you can create an account. We understand everyone may not have access to a computer, so we also offer the option to contact our office directly at **800-381-5111** and an agent will assist you with an address update.

Keep in mind, having an updated address in our system is critical for a stress-free retirement. Tax season is just around the corner so it's important to have an updated address so you can receive your *Form 1099-R* in the mail. Also, if you have insurance through our office, your carrier is going to have the same street address we have on record.

How do I update my list of beneficiaries and dependents?

If there is a major change in your life, such as marriage, birth, adoption, or divorce, it would be wise to look over your list of beneficiaries and make any necessary adjustments. We recognize the importance of keeping an updated beneficiary list, so we want to make sure you know how to make these adjustments.

It's a simple process to update your beneficiaries with ORS. The quickest way to update your beneficiaries is in **miAccount**. Once you're logged in, click **Beneficiaries and Dependents** on the left-hand side. Then click **Update Dependents**. In this area you can add a new beneficiary. Once a new beneficiary is added, click the **Pension/Refund Beneficiary** option. From this screen you can select a new beneficiary based on the list of beneficiaries you added in the Update Dependents section. If you don't have access to a computer, you can update your beneficiary by mail. To request a beneficiary nomination form, call our office.

Pension pay dates

Pension payments are issued on the 25th of the month. If the 25th falls on a weekend or holiday, your pension will be paid the previous business day. In December, pension payday is a week earlier. If your payment is not credited within three days after the scheduled payment date, check with your bank and then contact ORS.

Office closures

Dec. 23 & 26..... Christmas
Dec. 30 & Jan. 2 New Year's
Jan. 16..... Martin Luther King Jr. Day
Feb. 20..... Presidents Day
May 29 Memorial Day

Update ORS

It is critical that you report any of the following changes in personal information to ORS: address, email, tax withholding, direct deposit, death, divorce, marriage, and Medicare information.

The fastest, easiest way to report these and other life events is through **miAccount**.



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