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Department of Technology, Management & Budget
Office of Retirement Services

Federal Tax Implications for 3% Retiree Healthcare Contributions

Michigan Office of Retirement Services sent this bulletin at 12/23/2015 09:45 AM EST



The Office of Retirement Services continues to work with the IRS on the tax treatment of the 3% Healthcare Contributions. We issued the latest Bulletin as a result of informal guidance provided by the IRS, as well as additional updates that were provided by the IRS in correspondence with them. We have not changed the previous guidance made to reporting units. Answers to Frequently Asked Questions regarding the tax status of the 3% Healthcare Contribution can be found on the Public School Reporting Unit Website. The current FAQ can be found at this link: <http://www.michigan.gov/psru/0,2496,7-284-60600-346358--00.html>. The information in the FAQ is provided as a service and is not intended to be considered as tax advice. Each reporting unit ultimately chooses for itself how to treat the 3% Healthcare Contribution withholding, and should consult a tax advisor to determine the option that will work best for them.

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The retirement plan information that appears in this email is intended to summarize basic provisions of Public Act 300 of 1980, as amended. Current laws, rates, and factors are subject to change. Should there be discrepancies between the information reflected here and the actual law, the provisions of the law govern.

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