

# Memorandum



**Metropolitan Transportation Authority**

State of New York

**Date:** June 16, 2014

**To:** TWU Local 100 Employees Eligible for Retroactive Wage Adjustments

**From:** Tax Favored Programs

**Re:** 401(K)/457 Plan Deferrals

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The MTA Tax Favored Program Unit has been advised that eligible employees represented by the TWU-Local 100 will be receiving a Retroactive Wage Adjustment (RWA) which will be paid in the next few months. This payment will be paid in a separate payment from your regular paycheck.

If you currently participate in the MTA Deferred Compensation Plan, your normal 401(K) and/or 457 deferral election amounts will come out of this payment. Therefore, you do not have to submit any form if you wish to have your 401(K)/457 deduction(s) remain the same as your regular paycheck.

However, if you wish to defer a different percentage or elect to have no 401(K) and/or 457 deferral, you may do so by completing the attached Deferred Compensation Program Election Form for Retroactive Pay Award.

Please note that traditional 401(K) and 457 contributions are pre-tax so no federal or state income taxes are withheld on the deferral amount, but FICA & Medicare Taxes, Pension, Healthcare Contributions, and Garnishments are withheld based on the total amount of the RWA. In addition, an adjustment for TWU Union Dues will also be deducted.

In addition, employees can opt to have their funds deferred into a Roth 401(K) and/or 457 plans which are post-tax for federal and state income tax purposes as well as FICA & Medicare.

You may only defer a combined total percentage from 1 to 80% of your payment. Please note that for the purpose of this special deferral option, flat dollar amounts will not be permitted. The Deferred Compensation Program Election Form for Retroactive Pay Award must be completed and returned to the BSC by Friday, July 11, 2014. (As indicated on the Form, please submit this form to the MTA Business Service Center by E-Mail [bscservice@mtabsc.org](mailto:bscservice@mtabsc.org) or Fax to 212-852-8700.)

Enclosed for your review are examples if an Employee receives a RWA for approximately \$3,000 or \$5,000 to show you the Tax advantages of rolling funds into your 401(K) and/or 457 Plans.

If you never participated in the Plans – now may be a good time to enroll in the Deferred Compensation Plan. Please log onto the Prudential website [www.prudential.com/mta](http://www.prudential.com/mta) to enroll, or call Prudential at 877-PLN-4MTA (877-756-4682) Monday through Friday, from 8 a.m. to 9 p.m. Prudential representatives are also available at different locations or you may set up a meeting with one of them. Log into the Prudential website and click on onsite help to contact a Prudential representative.

# Retro Pay Deferred Compensation Election Form



HR-COMP-092

## Section 1 - Information and Instructions

**DO NOT SUBMIT THIS FORM unless you wish to contribute an amount that is different from your normal Deferred Compensation deduction.**

You may defer withholdings such as Federal, State and City Taxes (and certain mandatory deductions) up to the annual limit of \$17,500, or \$23,000 for those 50 and over, for each plan.

Please note: This retro payment is subject to FICA, Medicare Taxes, Pension & Healthcare Contributions and Garnishments which are based on the gross amount of the retroactive payment. In addition, there will be a deduction for an Adjustment for your Union Dues.

**SUBMIT THIS FORM TO THE MTA BUSINESS SERVICE CENTER**

FAX: 212-852-8700; Email: [bscservice@mtabsc.org](mailto:bscservice@mtabsc.org).

If you have any questions, please contact the BSC at 646-376-0123.

## Section 2 - Employee Information

Print Name	Last First M.I. Suffix					BSC ID
Agency (check one)	<input type="checkbox"/> BSC	<input type="checkbox"/> B&T	<input type="checkbox"/> CC	<input type="checkbox"/> HQ	<input type="checkbox"/> Police	Union
	<input type="checkbox"/> SIR	<input type="checkbox"/> LIRR	<input type="checkbox"/> MNR	<input type="checkbox"/> MTA Bus	<input type="checkbox"/> NYCT <input type="checkbox"/> MaBSTOA	
Street Address						
City				State	Zip Code	
Phone (H)		Phone (W)			Email	

## Section 3 - Deferral Amount

**Options for changing Deferred Compensation contribution amount for Retro check:**

No money deferred.

Different amount from current paycheck deductions (fill in below):

**You may only defer a combined total percentage from 1% to 80%**

	<u>Percentage (%)</u>
401(k) Plan	
401(k) Roth Plan	
457 Plan	
457 Roth Plan	

## Section 4 - Authorization

*I authorize the MTA-Tax-Favored Program department to rollover my Retroactive Wage Adjustment payment by the deferral amount listed above. I understand that these limits are set forth below.*

*Under current IRS guidelines, the limit for the 401(k)/457 and 401k/457 Roth for the year 2014 is \$17,500 for each plan, and for those age 50 and over the limit is \$23,000 for each plan.*

Employee Signature	Date
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**TWU - RETROACTIVE ADJUSTMENT  
MTA - DEFERRED COMPENSATION PROGRAMS (401K/457)**

**Retroactive Payment - \$3,000**

**Regular Payment – Separate Payment (Zero Deferment/Flat –Tax Calculation)**

<b>Retroactive Adjustment</b>	<b>\$3,000</b>
<b>Taxes:</b>	
FICA – 6.2%	\$ 186
Medicare Tax – 1.45%	43
Federal Tax – 25%	750
New York State Tax – 11%	330
New York City Tax – 5%	<u>150</u>
<b>Total Taxes</b>	<b><u>\$1,459</u></b>
<b>Total Net Pay</b>	<b><u>\$1,541</u></b>

\*\* - Calculation does not include Healthcare & Pension Contributions, Garnishments and Pension Dues Adjustment

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**Regular Payment – Separate Payment (80% Deferment – \$2,400)**

<b>Retroactive Adjustment</b>	<b>\$3,000</b>
401/457 Deferment	<u>2,400</u>
Tax Base for Federal, State & City Tax	<b>\$ 600</b>

<b>Taxes:</b>	
FICA – 6.2%	\$ 186
Medicare Tax – 1.45%	43
Federal Tax – 25%	150
New York State Tax – 11%	66
New York City Tax – 5%	<u>30</u>
<b>Total Taxes</b>	<b><u>\$ 475</u></b>
<b>Total Net Pay</b>	<b><u>\$ 125</u></b>

\*\* - Calculation does not include Healthcare & Pension Contributions, Garnishments and Pension Dues Adjustment

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**Regular Payment – Separate Payment (50% Deferment - \$1,500)**

<b>Retroactive Adjustment</b>	<b>\$3,000</b>
401/457 Deferment	<u>1,500</u>
Tax Base for Federal, State & City Tax	<b>\$1,500</b>

<b>Taxes:</b>	
FICA – 6.2%	\$ 186
Medicare Tax – 1.45%	43
Federal Tax – 25%	375
New York State Tax – 11%	165
New York City Tax – 5%	<u>75</u>
<b>Total Taxes</b>	<b><u>\$ 844</u></b>
<b>Total Net Pay</b>	<b><u>\$ 656</u></b>

\*\* - Calculation does not include Healthcare & Pension Contributions, Garnishments and Pension Dues Adjustment

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**TWU - RETROACTIVE ADJUSTMENT  
MTA - DEFERRED COMPENSATION PROGRAMS (401K/457)**

**Retroactive Payment - \$5,000**

**Regular Payment – Separate Payment (Zero Deferment/Flat –Tax Calculation)**

<b>Retroactive Adjustment</b>	<b>\$5,000</b>
<b>Taxes:</b>	
FICA – 6.2%	\$ 310
Medicare Tax – 1.45%	73
Federal Tax – 25%	1,250
New York State Tax – 11%	550
New York City Tax – 5%	<u>250</u>
<b>Total Taxes</b>	<b><u>\$2,433</u></b>
<b>Total Net Pay</b>	<b><u>\$2,567</u></b>

\*\* - Calculation does not include Healthcare & Pension Contributions, Garnishments and Pension Dues Adjustment

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**Regular Payment – Separate Payment (80% Deferment – \$4,000)**

<b>Retroactive Adjustment</b>	<b>\$5,000</b>
401/457 Deferment	<u>4,000</u>
Tax Base for Federal, State & City Tax	<b>\$1,000</b>

<b>Taxes:</b>	
FICA – 6.2%	\$ 310
Medicare Tax – 1.45%	73
Federal Tax – 25%	250
New York State Tax – 11%	110
New York City Tax – 5%	<u>50</u>
<b>Total Taxes</b>	<b><u>\$ 793</u></b>
<b>Total Net Pay</b>	<b><u>\$ 207</u></b>

\*\* - Calculation does not include Healthcare & Pension Contributions, Garnishments and Pension Dues Adjustment

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**Regular Payment – Separate Payment (50% Deferment - \$2,500)**

<b>Retroactive Adjustment</b>	<b>\$5,000</b>
401/457 Deferment	<u>2,500</u>
Tax Base for Federal, State & City Tax	<b>\$2,500</b>

<b>Taxes:</b>	
FICA – 6.2%	\$ 310
Medicare Tax – 1.45%	73
Federal Tax – 25%	625
New York State Tax – 11%	275
New York City Tax – 5%	<u>125</u>
<b>Total Taxes</b>	<b><u>\$1,408</u></b>
<b>Total Net Pay</b>	<b><u>\$1,092</u></b>

\*\* - Calculation does not include Healthcare & Pension Contributions, Garnishments and Pension Dues Adjustment

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