



STAR Service to Cover Annuitants Who Retired After June 30, 1997

This is a special edition of the System to Administer Retirement (STAR) Bulletin for the approximately 3,000 teacher, police and firefighter annuitants and survivors whose retirement benefit payments under the District of Columbia Police Officers' and Fire Fighters' Plan and the Teachers' Plan will be converted from the current payment system operated by the District of Columbia to the STAR system developed by the U. S. Department of the Treasury.

Effective September 1, 2005, your annuity payment, **the gross amount of which will not change**, will be produced and maintained in STAR. The following information is intended to give you a broad overview of how this important systems improvement may affect you.

WHAT IS CHANGING?

- **Earnings Statement:** Although you will continue to receive a monthly earnings statement with your benefits payment, the statement will look a little different from the one you currently receive. A sample of the new statement is enclosed for your information and reference.
- **Direct Deposit:** If you receive your annuity payment by *Direct Deposit*, beginning September 1, 2005, your bank statement will show your benefit payment as a deposit from the Department of the Treasury. In preparation for this transition, we tested the *Direct Deposit* process in early June. As a result, your bank statement for the month of June *may* have shown a \$0 deposit from the U.S. Treasury. If this test indicator was printed on your statement, you should be aware that it had no effect on your account and should be no cause of concern to you.
- **Paper Checks:** If you receive your annuity payment in the form of a paper check, beginning September 1, 2005, your check will be issued by the Department of the Treasury rather than the Bank of America. Should you wish to take advantage of the security and convenience of *Direct Deposit*, however, please complete the enclosed "**Direct Deposit Sign-Up Form**," or simply sign the form and attach a cancelled or voided personal check. Your request will be processed within 30 days of our receipt of it and your annuity payment will be deposited to your bank account on the first business day of the following month.
- **Maryland County Tax Withholding:** The method used for withholding Maryland county taxes is changing. Currently, withholdings are based on the highest Maryland county rate. Beginning with your September 2005 payment, STAR will withhold at the rate applicable to the county in which you reside. Maryland residents should complete the enclosed "**Employee's Maryland Withholding Exemption Certificate**" and return it to the address in Contact Information using the envelope provided.

WHAT IS NOT CHANGING?

- Your annuity will continue to be paid on the first business day of each month.
- The way your gross annuity is calculated will not change.
- Except for Maryland county taxes, your deductions will remain the same. There may, however, be small differences in some cases, due to rounding.
- Open Season for Health Benefits and effective dates for plan and rate changes will remain the same.

TAX INFORMATION 1099-R

Due to the change in payment systems during the tax year, you will receive **two** 1099-Rs for 2005. The 1099-R covering your payments from January through August will be generated by the District and your payments from September through December will be reflected in a 1099-R produced by the Department of the Treasury. You will need to use **both** 1099-Rs to prepare your 2005 tax return. More detailed information will be provided with the 1099-Rs which will be mailed in January 2006.

BENEFITS ADMINISTRATION SERVICES TO TRANSFER

As outlined in previous correspondence, the responsibility for processing annuities and customer service for retired Police Officers, Firefighters and Teachers will transfer from the District's Office of Pay and Retirement Services (OPRS) to the District of Columbia Retirement Board (DCRB). This change will not have an impact on your benefits. OPRS will continue to process all retirement transactions until DCRB assumes responsibility for benefits administration, targeted for October 2005. As soon as the new customer contact information is available, we will provide it to you.

CONTACT INFORMATION

If you have questions about any of the above information, you may contact OPRS at (202) 727-5851 or (800) 638-6182 or at:

District of Columbia
Office of Pay and Retirement Services (OPRS)
410 E Street, NW - Room 200
Washington, DC 20001