

# Memorandum



**Date: May 28, 2019**

**To: BRS and SMART Employees Who Elected 2019 Vacation Buy Back**

**From: MTA Tax Favored Programs**

**Re: Vacation Buy Back 401(k)/457 Plan Deferrals: Submit Elections online by 06/14/2019**

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The MTA Tax Favored Programs Unit has been advised that you have elected to buy back 2019 vacation days. This payment, which is scheduled to be paid June 27, 2019, will be issued in a separate payment from your regular paycheck. Be advised that to comply with IRS regulations, MTA Payroll will apply the IRS supplemental rate to calculate your withholdings for the vacation cash-out check. The supplemental rates are as follows: Federal tax: 22%; FICA: 6.2%; Medicare: 1.45%; NY State tax: 9.62%; NYC tax: 4.25%. The payment will be subject to applicable deferred compensation withholdings.

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 need to do anything 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 deferrals, you will have to enter an election on the BSC Self-Service Portal at [mymta.info](http://mymta.info). Sign on with your BSC ID and password and click on My Tax Favored Programs. Click on Deferred Compensation Election and follow the onscreen instructions to enter the percentage you wish to defer for this vacation payment. Please be sure to hit save and this information will automatically be sent to the BSC. Next hit the Generate Confirmation option and you may print the form for your records. This confirmation does not need to be sent to the BSC. If you want to change your election before the deadline, you may enter another election and the latest election will be used for the vacation payment. For assistance with Portal sign-on or completing the election please contact the BSC at 646-376-0123.

You may defer a combined total percentage from 1% to 100% of your payment. Please note that for the purpose of this special deferral option, flat dollar amounts will not be permitted. **All deferral elections must be submitted online by June 14, 2019. No late elections will be accepted, and no checks will be re-issued.**

Traditional 401(k) and 457 contributions are pre-tax so typically no federal, state and/or city income taxes are withheld on the deferral amount, but FICA, Medicare, Pension, and Garnishments are withheld based on the total amount of the RWA. Please note: You may defer any amount (in multiples of 5%) up to 100% of your payment. But if you defer 100%, certain required deductions (i.e., FICA and Medicare taxes, federal taxes, state and city taxes and liens etc.) must be made from the payment; therefore, the final deferral percentage will result in less than 100%. The system will not allow 100% deferral because of the required tax withholdings.

In addition, you can opt to have your funds deferred into a Roth 401(k) and/or 457 plan, which are post-tax for federal, state and city taxes as well as FICA and Medicare.

If you have never participated in the program, 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.