



STATE OF NEW MEXICO
Educational Retirement Board

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Changes to Income Tax Withholding?

New IRS tax tables have been published to reflect the Making Work Pay tax credit and other changes resulting from the American Recovery and Reinvestment Act of 2009. This tax credit is based on "earned income". The IRS definition of "earned income" includes wages and earnings from self employment. The IRS definition of "earned income" specifically excludes pension and annuity income. If the NMERB were to use the new withholding tax tables, our members could potentially have a large balance due when they file their federal taxes for 2009 and 2010, as they are not eligible for this tax credit on their NMERB pension.

If you would still like to adjust your withholding, please contact our payroll department at (505) 827-8030. Please be aware that any decreases in withholding could result in interest and penalties being owed on your federal taxes.