
Divorce, Taxes, and Other Legal Issues

Divorce

If you divorced or dissolved your marriage at any time after you first entered the PERS, your former spouse may be entitled to a portion of your PERS benefits under federal and Alaska laws.

Former Spouse With No Entitlement

If you divorce and your former spouse has no entitlement to any portion of your PERS benefits or contributions, you must file a court-certified copy of all divorce or dissolution documents with the PERS to establish that your benefit is free from attachment. Documentation will be required before any refunds or applications for monthly retirement benefits can be processed.

Former Spouse Awarded an Entitlement

If your former spouse is awarded an entitlement to any portion of your PERS benefits or contributions, in addition to a court-certified copy of all divorce or dissolution documents, a qualified domestic relations order (QDRO) must be filed and accepted by the PERS administrator in order to establish those rights. A QDRO is a specialized court order that sets out the portion of your benefit that must be paid to your former spouse. The PERS administrator must accept the order before it is enforceable.

A former spouse who is entitled to benefits under a QDRO has to have the court amend the order before the member is allowed to select another form of benefit other than that required by the QDRO.

WARNING

Do not wait until just before you plan to retire or until just before you request a refund to submit the documentation to the Division. Waiting will delay your request until the appropriate documentation is received and approved.

Divorce, Taxes and Other Legal Issues

You are responsible for submitting the required forms to the PERS administrator. The court or your attorneys do not automatically file these forms for you.

The PERS has specialized staff to help you if you have any questions about divorce or dissolution. Please read the *Qualified Domestic Relations Orders Divorce and Dissolution Information Packet* for more information regarding the federal and state requirements after a divorce, changes to beneficiary designations, and medical benefits for former spouses.

Local, State, and Federal Taxes

Although Alaska does not currently have a state income tax, PERS benefit recipients who live outside Alaska may be required to pay other state and local income taxes on the benefits they receive. Check with a tax expert in your area for more information.

Monthly pension and survivor benefits are taxable by the federal government upon receipt. However, a portion of each monthly benefit may be tax-excludable depending on the member's circumstances. Detailed information will be provided to members or survivors when they begin receiving monthly benefits.

Monthly PERS disability benefits for a nonoccupational disability are taxable by the federal government upon receipt. Because disability benefits are not paid from the employee contribution account, the entire disability benefit is taxable. Monthly PERS disability benefits for an occupational disability are generally not taxable.

Benefit recipients may choose whether or not to have federal income tax withheld from their monthly PERS benefits by submitting a W-4P (Withholding Certificate for Pension or Annuity Payments).

Benefit recipients receive a 1099-R (Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.) each January showing the annual benefit, the taxable amount, and the gross federal income tax withheld during the previous calendar year.

For more information regarding taxation of your benefits and any tax-excludable portions, please read the insert *Taxes and Your Benefits*.

Other Legal Issues

Under Alaska Statute 39.35.670 a person who knowingly makes a false statement, falsifies, or permits to be falsified, any record of this system in an attempt to defraud this system, is guilty of a Class A misdemeanor and forfeits all rights under the system.

