January 28, 2014

What is a 414(h) Retirement Plan?

A 414(h) retirement plan is a plan that is meant for the government public employees. It enables the staff to save for retirement without being taxed on their contributions. This plan consists of 2 contributions, one by the employee and the other by the employer.

Are public employee 414(h) contributions taxable by New York State?

The following 414(h) retirement contributions shown on federal form W-2, Wage and Tax Statement, are taxable by New York State:

- A member of the New York State and Local Retirement systems, which include the New York State Employees’ Retirement System and the New York State Police and Fire Retirement System.

- A member of the New York State Teachers’ Retirement System.

- An employee of the State or City University of New York who belongs to the Optional Retirement Program.

- A member of the New York City Employees’ Retirement System, the New York City Teachers’ Retirement System, the New York City Board of Education Retirement System, the New York City Police Pension Fund, or the New York City Fire Department Pension Fund.

- A member of the Manhattan and Bronx Surface Transit Operating Authority (MABSTOA).

If you have a retirement plan in one of these categories, and you have a public employee 414(h) retirement contribution shown on your W-2, you must enter that amount on line 21 on Form IT-201 or Form IT-203.