

HELP NEWS

The Monthly Newsletter of Helping Employees Learn Prosperity (HELP)

Job Rights Q&A

General Answers to advise you on your job & workplace

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October 2024

Welcome!



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HELP's status with the City of Los Angeles is a Qualified Employee Organization.

The California Labor Code and the Public Sector

The California Labor Code was first enacted in 1937. It assembled into one code various provisions of state law, including wage orders issued by the Industrial Welfare Commission (IWC). The Labor Code is generally more protective of employees than what other states provide. However, some of the protections do not apply to workers employed by the state or any county, city, or special district. This month, we look at to what extent various provisions of the Labor Code apply to local government employees.

The IWC: The IWC was a five-member panel established in 1913 to regulate wages and hours. As a general matter, the wage orders issued by the IWC provided greater protection to employees than the Federal Fair Labor Standards Act (FLSA). The IWC's authority was memorialized in Labor Code §1173. The IWC was later de-funded, effective July 1, 2004. The IWC wage orders remain in effect to the extent they do not conflict with the Labor Code or any other law. However, the IWC does not currently exist as an entity, nor does it issue any new wage orders. Most wage orders do not apply to public agencies.

The Labor Code: The Labor Code has numerous provisions that offer various protections for workers in California. These include:

- Provisions related to the payment of wages (§200 – §219),

- Payment upon termination of employment (§201 - §204, §227.3),
- Provisions related to deductions from wages (§221 - §224),
- Requirements for itemized wage statements (§226),
- Listing only the last four digits of Social Security Numbers on paychecks (§226(i)),
- Vacation vesting (§227.3),
- Family care leave (§233 - §234),
- Paid sick leave (§245 - §249),
- Lie detector tests (§432.2(a)),
- Disclosure of sensitive information on job applications (§432.7),
- Prohibition of audio or video recording of employees in restrooms, locker rooms, or changing rooms (§435),
- Overtime (§510),
- Meal and rest breaks (§512),
- Day's rest requirements (§550 - §554),
- Policy favoring formation of labor organizations (§923),
- Lactation breaks (§1030),
- Whistleblower protections (§1106),
- Minimum wage (§1182.11, §1182.12, §1182.15, §1197, and §1474),
- Child labor (§1285 - §1399),
- Private Attorneys General Act of 2004 (commonly known as "PAGA") (§2698),
- Reimbursement of uniform costs and other necessary business expenses (§2802),
- Workers' compensation (§3300)

What Do the Courts Say: The Labor Code and wage orders initially applied only to workers in the private sector. Various laws have since been enacted and added to the Labor Code. This has led to considerable ambiguity because some provisions expressly apply to public employers, some provisions expressly exempt public employers, and many provisions are silent as to whether they do or do not apply to public employers.

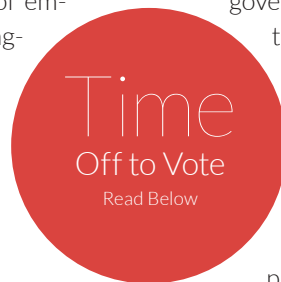
This ambiguity has led to a long history of legal cases. In the earliest case, the court said Labor Code §923 does not

apply to public employees. (*Nutter v. City of Santa Monica* (1946) 74 Cal. App. 2d 292, 301). Section 923 memorialized a state policy favoring freedom of employees to organize and engage in collective bargaining for their own protection. Although Section 923 did not expressly say if it applied to public employers, it did not expressly exclude public employers, either. The court in *Nutter* said "[t]he language of Section 923 is broad enough to include state and municipal government, but general language in a statute is not sufficient, of itself, to indicate an intention to make it applicable to government. Where a statute is not expressly made applicable to government, it is for the courts to determine whether the Legislature intended it to apply to government." (*Id.* at 300). The court then announced

the standard for determining whether a statute should apply to public employers. "[T]he general words of a statute ought not to include the government, or affect its rights, unless that construction be clear and indisputable upon the text of the act." (*Id.* at 301). Legislation would later extend bargaining rights to public employees, starting with the Meyers-Milias Brown Act in 1968.

Labor Code Section 432.2(a), which prohibits employers from demanding or requiring an applicant or an employee to submit to a lie detector test, expressly excludes public employers. However, in *Long Beach City Employees Association v. City of Long Beach* (1986) 41 Cal. 3d 937, the California Supreme Court prohibited the use of involuntary polygraph exams conducted by a city agency in connection with an internal theft investigation. The Court said the use of an involuntary polygraph examination inherently intrudes upon employees' constitutionally protected zone of individual privacy.

An appeals court has held that state law on meal breaks (§512) and overtime (§510) does not apply to water districts. (*Johnson v. Arvin-Edison Water Storage Dist.* (2009) 174 Cal.App.4th 729). Labor Code §510 requires time-and-one-half pay for hours worked over eight in one day and double-time for hours worked over twelve in one day. Labor Code §512 requires a meal period of not less than



Time Off to Vote

Election day is November 5, 2024. California law grants employees the right to take up to two hours off to vote, without loss of pay, if you are scheduled to be at work during that time

and you do not have sufficient time outside of working hours to vote at a statewide election. (*California Elections Code* § 14001). You may take as much time as you need to vote, but

only two hours of that time will be paid. Your time off for voting can be only at the beginning or end of your regular work shift, whichever allows the most time for voting and the least time off

from your regular working shift, unless you make other arrangements with your employer. If you think you will need time off to vote, you must notify your employer *at least two working*

30 minutes for those who work more than 5 hours per day, except that the meal period may be waived by mutual consent of both the employer and the employee for those who work a total of no more than 6 hours. Neither section expressly applies to public employers. The appeals court said these state laws on meal periods and overtime do not apply to employees of a local public agency. The appeals court said the Labor Code applies only to private sector employees unless the provision is specifically made applicable to public employees.

In *California Correctional Peace Officers' Association v. State of California* (2010) 74 Cal. App. 4th 646, 653-654, the appeals court rejected the peace officers' argument that Labor Code Section 226.7 applies to public employers. Section 226.7 says no employer shall require any employee to work during any meal or rest period mandated by an applicable order of the IWC. If an employer fails to provide an employee a meal period or rest period in accordance with applicable order of the IWC, the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest period is not provided. Section 226.7 does not expressly apply to public employers. The peace officers had argued that because the Legislature expressly excluded public employers from certain other sections of the Labor Code, this indicated a legislative intent to make the remaining sections applicable. The appeals court rejected that reasoning and said Section 226.7 does not apply to public employers.

In *Marquez v. City of Long Beach* (2019) 32 Cal. App. 5th 552, the appeals court held that the statewide minimum wage is generally applicable to both private and public employers. The appeals court said the Legislature may constitutionally exercise authority over minimum wages, despite the constitutional reservation of authority in charter cities to legislate as to their municipal affairs, because setting the minimum wage addresses the state's interest in protecting the health and welfare of workers by ensuring they can afford the necessities of life for themselves and their families.

The Stone Case: On August 15, 2024, the California Supreme Court decided *Stone v. Alameda Health System*. This

opinion is consistent with the earlier cases that refused to extend the Labor Code provisions to public employees. This opinion is significant because it was decided in the state's highest court rather than a lower appellate court. The Court said one must examine the language, structure, and history of the particular statutes to determine if the Legislature intended to impose the requirements on public employers. Although interpretive maxims may aid in that analysis, the fundamental question is always one of legislative intent.

The *Stone* case concerned whether a hospital authority created by a county Board of Supervisors and authorized by the Legislature to manage the county's public health facilities could be liable for various Labor Code violations. *Stone* worked for a hospital facility that was operated by the Alameda Health System. The lawsuit alleged that the employer frequently denied or discouraged employees from taking meal and rest breaks and made deductions of ½ hour from each workday even when meal periods were not taken. The claims against the employer included:

- Failure to provide off-duty meal periods (§226.7, §512),
- Failure to provide off-duty rest breaks (§226.7),
- Failure to keep accurate payroll records (§1174, §1174.5, §1175),
- Failure to provide accurate itemized wage statements (§226, §226.3),
- Unlawful failure to pay wages (§204, §218.5, §218.6, §222, §223, §225.5, §510, §1194, §1194.2, §1198),
- Failure to timely pay wages (§204, §210, §218.5, §218.6, §222, §223, §225.5), and
- Civil penalties for these violations under the Private Attorney General Act (§2698).

The Health System argued that it could not be sued for these Labor Code violations because it was a public entity, and these Labor Code sections do not apply to local public agencies. The trial court agreed and dismissed the case, relying on the *Johnson* decision.

Stone appealed. The appeals court reversed. The appeals court said Alameda Health System was not a public entity. Therefore, the appeals court did not address the larger question of which Labor Code sections do or do not apply

Time Off to Vote (cont.)

days prior to the election.

The intent of the law is to provide an opportunity to vote for workers who would not be able to do so because of their jobs. Polls are open from 7:00

am to 8:00 pm on Election Day. California law also requires employers to post a notice advising employees of their right to take paid leave for the purpose of voting in statewide elections. It

must be posted conspicuously at the workplace, if practicable, or elsewhere where it can be seen as employees come and go to their place of work. It must be posted not less than

10 days before every statewide election. Individuals can call the Secretary of State's Voter Hotline (800) 345-VOTE (8683) for more information.



to public employers. However, the appeals court did address whether public entities are liable for PAGA penalties. The appeals court said that public entities are exempt from PAGA's *default* penalties but are not exempt from claims arising from statutes that impose *defined* penalties.

The California Supreme Court reversed and affirmed the *Johnson* precedent. The Court said that the Legislature intended to exempt public employers such as the hospital authority from the Labor Code provisions governing meal and rest breaks (§226.7, §512), and related sections on the full and timely payment of wages (§220(b)). Although the Labor Code is silent as to meal and rest break requirements applying to local government agencies, the *Johnson* case held that they do not. With respect to claims regarding the full and timely payment of wages, the Labor Code specifically says Sections 200-211 and Sections 215-219 do not apply to the payment of wages of employees directly employed by any county, incorporated city, or town or other municipal corporation. (*Labor Code §220(b)*). The Court said this exclusion applies to the Alameda Health System. (Note - this exclusion does not apply to state employees; Sections 200-219 applies for state workers).

The Court also decided if PAGA penalties apply to public entities. PAGA authorizes an employee to pursue civil penalties on the state's behalf. 75% of the recovery is paid to the Labor and Workforce Development Agency (LWDA) and 25% is paid to the employee. The Court heard Stone's case in part to decide if public employers are subject to PAGA penalties, an issue of "statewide importance." Since 2004, public employers have argued they are exempt from

PAGA. The Court held that public employers are *not* subject to *any* civil penalties under PAGA. According to the Court, the costs that public entities could incur if subject to PAGA suits are potentially quite large. In addition to penalties, which can be sizable in cases involving numerous employees or lengthy time periods, PAGA also provides that a prevailing plaintiff can recover attorneys' fees from the employer. Attorneys' fees in these complex lawsuits can be substantial. The Court said the Legislature can amend the relevant statutes or pass new legislation to provide for a different result. Unless the Legislature does so, it is now settled that public entities are not subject to PAGA lawsuits.

Summary: The *Stone* case did not provide a complete list of which Labor Code provisions do or do not apply to public employers. The Court decided only the sections that were before it. However, the Court did lend more clarity to this issue. A section that is silent on whether it applies to public employers may not apply unless it is clear from the statute or legislative history that the Legislature intended to impose the requirements on public employers. The below chart provides a summary. For items in the right column, there is case law that suggests these provisions may apply to local public agencies.

News Release - CPI Data

<p>The U.S. Department of Labor, Bureau of Labor Statistics, publishes monthly consumer price index figures that look back over a rolling 12-month period to measure inflation.</p>	<p>2.5% - CPI for All Urban Consumers (CPI-U) Nationally</p> <p>2.2% - CPI-U for the West Region</p> <p>2.9% - CPI-U for the Los Angeles Area</p>	<p>2.7% - CPI-U for San Francisco Bay Area</p> <p>2.8% - CPI-U for the Riverside Area (from July)</p> <p>3.5% - CPI-U for San Diego Area (from July)</p>
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Provisions that Apply to Local Public Agencies:

- Listing only the last four digits of SSNs on paychecks (§226(i))
- Family care leave (§233 - §234)
- Paid sick leave (§245 - §249)
- Disclosure of sensitive information on job applications (§432.7)
- Prohibition of audio or video recording of employees in restrooms, locker rooms, or changing rooms (§435)
- Day's rest requirements (§550 - §555) (applicable to cities which are cities and counties)
- Lactation breaks (§1030)
- Whistleblowers (§1106)
- Minimum wage (§1182.11)
- Workers' compensation (§3300)

Provisions that Do Not Apply to Local Public Agencies:

- Provisions related to the payment of wages (§200 - §219)
- Requirements for itemized wage statements (§226)
- Requirement to work during meal periods (§226.7)
- Lie detector tests (§432.2(a))
- Overtime (§510)
- Meal & rest breaks (§512)
- Policy favoring formation of labor organizations (§923)
- Child labor (§1285 - §1399)
- Private Attorneys General Act of 2004 (§2698)

Provisions that are Silent as to Whether It Applies to Local Public Agencies:

- Provisions related to deductions from wages (§221 - §224)
- Vacation vesting (§227.3)
- Reimbursement of uniform costs and other necessary business expenses (§2802)

Conclusion: Although some provisions of the Labor Code might not apply, local government employees may still be protected through their union contract or employer policies. If such protections currently exist in the MOU or personnel policies (or there is an enforceable past practice), the employer cannot change or eliminate those protections without first providing the employee organization

notice and the opportunity to negotiate prior to making the change. If you have any questions or concerns about your rights on the job, contact your employee organization leaders for assistance. Although you might not be able to file a Labor Code claim with the Labor Commissioner, you might have an individual grievance, or an unfair labor practice claim the employee organization can file.

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Questions & Answers about Your Job

*Each month we receive dozens of questions about your rights on the job.
The following are some GENERAL answers.
If you have a specific problem, talk to your professional staff.*

Question: The City is planning on making some seating assignment changes for staff in our City Hall building. We do not have enough cubicles for our current staff if everyone is here at the same time. However, not everyone is here at the same time. We have people on 9/80 or 4/10 work schedules with alternating days off, and we have people who work remotely one day each week. I am not comfortable with “shared workspaces” especially if it is not needed. Does the City have to provide

me with my own desk space and drawers? What recourse do I have if they move forward with this?

Answer: There is no law that requires the City to give you your own desk space or your own individual cubicle. Many office-based positions will have designated workspaces, but the specifics can vary depending on the nature of the job.

California public employers have a responsibility to provide a safe workplace under the Occupational Safety and

Health law. The shared workspace concept may be an issue for some employees as it relates to COVID and to privacy concerns. For example, although an employer generally has the right to search desks, offices, and lockers as those items are City property, it may be burdensome if one or more individuals are using the same space, and an issue can arise regarding workplace privacy.

This may also constitute a change in working conditions. If that is the case, the City must notify your employee organization and allow for negotiations prior to making the change to a shared workspace plan. Your employee organization could propose an arrangement where employees who work remotely use shared workspaces when they are on-site, but the City assigns designated desks for those who are on-site the full week. Other ideas include offering shared workspaces on a voluntary basis or allowing for a hardship exception. There may be enough interest that it is not necessary to have someone share a desk who does not want to. You might also check your MOU and City policies to see if there is language that requires individual workspaces.

Question: The City notified our employee organization that they would like to downgrade one of our positions, and then open it for recruitment. We recently had two members in the classification, and both promoted one level higher. That leaves two vacancies, and the City wants to downgrade one of those positions to a "Senior" level, which is one level below the current level. This is more in line with what we have had historically, and it does not result in our employee organization losing a position. But ultimately any new hire would come in at a lower level than what we have at present. Is this something our employee organization can or should oppose? How should we respond to the City's request?

Answer: Management does have the right to

re-organize how work is performed in the Department. This can frequently occur when there are multiple vacancies. However, the employee organization has the right to negotiate over any changes to the job specs, including the duties and pay. The job description for the classification should represent the scope of work. For example, a new hire should not be responsible for performing the same duties and responsibilities at a lower wage than employees had earned previously.

Your employee organization can discuss various strategies with the City such as removing some of the responsibilities previously associated with the position before a downgrade is implemented. Your employee organization can also ask what the City's need or reasoning is for downgrading one of the vacancies. If downgrading one of them makes sense, and this is how it was structured historically, and the employee organization is not losing the work or a position because of the reorganization, then it may not be worth opposing.

Question: I work an alternate work schedule, and I need to take bereavement leave. Do they have to grant 5 days? Or only 40 hours? Five days for me would be 50 hours. I'm told I can only get 40 hours per the state law?

Answer: Under state law (AB 1949), Government Code §12945.7, you are entitled to five unpaid "days" of bereavement leave. It is not designated by hours. Therefore, if you work a 4/10 work schedule, you are entitled to 5 days (50 hours) of unpaid bereavement leave.

However, check your MOU or employer policies. Most public employers have a paid bereavement leave policy. If that is the case, the law requires employers to provide paid bereavement leave according to the policy. For example, if the MOU provides for 40 hours of paid bereavement leave, you are entitled to take 40 hours of paid bereavement leave

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under the MOU and to use your own accrued paid leave for the remaining 10 hours consistent with state law.

Question: I've had a qualifying event and need to change my medical from single party coverage to family coverage (spouse and dependent). I know I can add them, but does the qualifying event allow me to switch medical plans? Or just enroll my spouse and dependent on my current medical plan? I'd like to switch medical plans altogether and I don't want to wait until the new coverage year starts. Please advise.

Answer: Yes. You can change medical plans if you have a qualifying event. You are not limited to simply enrolling dependents on your existing plan. A qualifying event makes you eligible for a special enrollment period and you can make all the changes you can make during the normal open enrollment. A qualifying event includes getting married, having a baby, or getting a divorce or legal separation. During this thirty-day period, an employee can make whatever health insurance plan selections and changes as they like.

Question: My supervisor told me I had to turn off my "Christian music" that I was playing while working outside at city hall. I'm not aware of a city policy on playing music at work. I will inquire about that. But my supervisor made it sound like it was the type of music more than the music itself that was causing the issue. Is that allowed?

Answer: Religious discrimination is illegal under federal and state laws. Employers may not make personnel decisions or treat employees differently based on an employee's religious beliefs or lack thereof. Notify human resources if you feel your supervisor discriminated against you or singled you out based on your religious beliefs. Your right to listen to music at work can be affected by sev-

eral factors, including workplace policies and the potential operational impact, such as on your colleagues or the public. Many employers have policies regarding the use of personal devices and playing of music during work hours. The policies are designed to ensure a productive and respectful workplace environment for all.

Because you were listening to music outside of city hall, the City may be concerned that this could be perceived as representing a religious preference by the City. It could also be that coworkers complained about the music being disruptive. Headphones may be a solution if the headphones do not inhibit your ability to perform your job duties.

In short, you may generally have the right to listen to religious music at work, but it may need to be done in a time, place, or manner that does not cause operational disruptions. Review your MOU and city policies and notify human resources if you need further assistance with being able to listen to religious music while at work.

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Know your IRA options



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1 | What you need to know about IRAs



What's an IRA?

An individual retirement account (IRA) offers tax benefits that can help you save the money you'll need for your retirement. IRAs come in two versions:

- **Traditional IRA.** Invest after-tax money (may be deductible when filing taxes); defer taxes on earnings until withdrawal, usually during retirement.
- **Roth IRA.** Invest after-tax money; withdrawals of contributions are always tax-free, while the withdrawal of earnings are tax-free if it is a qualified distribution. (See page 6.)

Both choices offer significant tax advantages and investment compounding potential, giving you the flexibility to make withdrawals during retirement as tax rates rise or fall. (See page 4 to learn more and find out about eligibility and deductibility.)

Why would I need an IRA?

- We're living longer and, as a result, your retirement could last 30 years or more. This, however, means your lifestyle during those years may be significantly impacted by the amount you've saved during your working years.
- Social Security is intended to replace only about 40% of your pre-retirement income, which means accumulating the other 60% is your responsibility.
- **An IRA could:**
 - Be particularly important if your employer doesn't offer a retirement plan – or if you're already saving the maximum in your employer's plan, but want to save more.
 - Supplement other retirement income sources such as Social Security, pensions, employer-sponsored plans, sale of property, inheritances and annuities, while also acting as a potential hedge against inflation.
 - Help cover health care costs during retirement, as medical bills are often more costly and frequent as we age.

When you might consider an IRA



Changing jobs?

If you have money in a retirement plan when changing employers, consider the pros and cons of all your options, which may include leaving the money in the plan or rolling the assets into an IRA.



About to retire?

As you prepare to retire, you may wish to consider consolidating retirement plan assets into a traditional or Roth IRA.



Spouse not employed?

Although you must earn an income to contribute to an IRA account, the IRS allows couples who file as "married filing jointly" to open an IRA in the nonworking spouse's name.

This material was not written for and is not intended to be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax law. Each taxpayer should seek advice from an independent tax advisor based on the taxpayer's particular circumstances.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Benefits of a traditional IRA

- **No income limits** – Everyone is eligible to open a traditional IRA.
- **Annual income tax deductions** – Part or all of annual contributions to a traditional IRA may be deductible on your tax return. (See pages 4 and 5 for more information.)
- **Tax-deferred growth** – You don't have to pay taxes on your earnings until you make withdrawals.
- **Estate planning** – Beneficiaries will not pay taxes at the point of inheritance, but are subject to required minimum distributions, which are taxable.



We chose a traditional IRA

Age: 48

Filing status: Married

Modified adjusted gross income: \$152,000

“We picked a traditional IRA to complement my husband’s employer plan. Our traditional IRA allows us to deduct the contribution on our tax return – a definite advantage.”

Benefits of a Roth IRA

- **Tax-free growth** – Earnings are tax-free if you (1) delay withdrawals until at least five years after the first contribution made to a Roth IRA set up for your benefit, and (2) you’re at least age 59½, disabled or using the money for a first-home purchase (\$10,000 lifetime limit).
- **Liquidity** – Contributions to your Roth IRA can be withdrawn tax-free at any time, although earnings will be taxable if the withdrawal doesn’t meet certain conditions. The withdrawal may also be subject to an early withdrawal penalty unless you met an exception.
- **Delay withdrawals as long as you like** – You are not required to make minimum withdrawals during your lifetime. This gives you the ability to leave money in your IRA, which means your assets can continue to grow tax-free.
- **Estate planning** – Your IRA beneficiaries receive the inheritance without having to pay income taxes but are subject to required minimum distributions. However, distributions (both earnings and contributions) from the inherited IRA will not be taxable if it is a “qualified” distribution.



I chose a Roth IRA

Age: 38

Filing status: Single

Modified adjusted gross income: \$88,000

“Although I could take a tax deduction for a traditional IRA, I’m going with a Roth because I like the idea of taking tax-free distributions when I reach age 59½.* Who knows how high federal income taxes will be by the time I retire?”

* Distributions are tax-free as long as you’re age 59½ or older and it’s been at least five years since the first Roth contribution was made. (See “Withdrawals” on page 6.)

IRA contribution limits

	If younger than age 50	If age 50 or older
2022	\$6,000	\$7,000
2023	\$6,500	\$7,500

Future contribution limits may be adjusted for cost-of-living increases. Contributions for the current tax year must be made by April 15 of the following year, unless April 15 falls on a Saturday, Sunday or legal holiday. In those cases, the due date is delayed until the next business day.

2 | Determine your eligibility for IRAs



What's your MAGI?

Your **modified adjusted gross income (MAGI)** is used to determine your eligibility to claim deductions for traditional IRA contributions and determines how much you may directly contribute to a Roth IRA. MAGI is calculated by subtracting certain expenses and allowable adjustments from your gross income.

For more information, see below and on page 5. To determine your MAGI, review your most recent IRS income tax filing or contact your tax advisor.

Traditional IRA tax deductibility

If you **are covered by a retirement plan at work**, use this table:

Cutting to the chase

- You may contribute money to a traditional IRA each year as long as you have earned income from employment.
- However, your ability to deduct contributions to a traditional IRA will depend on whether you participate in a retirement plan at work, your tax filing status and your MAGI.
- Your ability to contribute to a Roth IRA depends on your household income. (For more details, see the chart at the bottom of page 5.)

If your filing status is ...	And your MAGI for 2022 is ...	And your MAGI for 2023 is ...	Then you can take...
Single or head of household	\$68,000 or less	\$73,000 or less	full deduction
	\$68,001-\$77,999	\$73,0001-\$82,999	partial deduction
	\$78,000 or more	\$83,000 or more	no deduction
Married filing jointly or qualifying widow(er)	\$109,000 or less	\$116,000 or less	full deduction
	\$109,001-\$128,999	\$116,001-\$135,999	partial deduction
	\$129,000 or more	\$136,000 or more	no deduction
Married filing separately	\$9,999 or less	\$9,999 or less	partial deduction
	\$10,000 or more	\$10,000 or more	no deduction

Traditional IRA tax deductibility

If you **are not covered by a retirement plan at work** (a spouse or married partner could be covered), use this table:

If your filing status is ...	And your MAGI for 2022 is ...	And your MAGI for 2023 is ...	Then you can take ...
Single, head of household or qualifying widow(er)	any amount	any amount	full deduction
Married filing jointly or separately with a spouse who is not covered by a plan at work	any amount	any amount	full deduction
Married filing jointly with a spouse who is covered by a plan at work	\$204,000 or less	\$218,000 or less	full deduction
	\$204,001-\$213,999	\$218,001-\$227,999	partial deduction
	\$214,000 or more	\$228,000 or more	no deduction
Married filing separately with a spouse who is covered by a plan at work	\$9,999 or less	\$9,999 or less	partial deduction
	\$10,000 or more	\$10,000 or more	no deduction

If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.

Roth IRA eligibility

If you **are interested in a Roth IRA**, use this table to find out if you're eligible and, if you are, how much you can contribute:

If your filing status is ...	And your MAGI for 2022 is ...	And your MAGI for 2023 is ...	Then you can contribute ...
Single, head of household, or married filing separately , and you did not live with your spouse at any time during the year	\$128,999 or less	\$137,999 or less	full contribution
	\$129,000-\$143,999	\$138,000-\$152,999	reduced amount
	\$144,000 or more	\$153,000 or more	nothing/not eligible
Married filing jointly or qualifying widow(er)	\$203,999 or less	\$217,999 or less	full contribution
	\$204,000-\$213,999	\$218,000-\$227,999	reduced amount
	\$214,000 or more	\$228,000 or more	nothing/not eligible
Married filing separately , and you lived with your spouse at any time during the year	\$9,999 or less	\$9,999 or less	reduced amount
	\$10,000 or more	\$10,000 or more	nothing/not eligible

3 | Comparing IRA options

This side-by-side chart provides a comparison of each IRA option and the various factors you should keep in mind. For additional information about distributions, tax treatments and more, see *IRS Publication 590-A* and *IRS Publication 590-B*.

	Traditional IRA	Roth IRA
Annual tax credit	The maximum is 50% of your annual contribution, not to exceed \$2,000, so long as your household income doesn't exceed certain limits.	
Tax advantages	Earnings, until withdrawn, grow tax-deferred.	Earnings grow tax-deferred and can be withdrawn tax-free if certain conditions are met. <i>See below.</i>
Withdrawals	<p>Withdrawals are taxable and those made before age 59½ are subject to a 10% federal tax penalty unless the IRA owner is disabled or qualifies for an exception, including but not limited to the following:</p> <ul style="list-style-type: none"> • Taken as substantially equal periodic payments • Used for one of the following payments or purchases: <ul style="list-style-type: none"> - Certain unreimbursed medical bills - Health insurance premiums during unemployment lasting at least 12 weeks - Qualified education expenses - Qualified first-time homebuyer (up to \$10,000) - Birth or adoption expenses (up to \$5,000) • Payments after owner's death (i.e., taken by beneficiaries) 	<p>Qualified withdrawals are tax-free and penalty-free, if the withdrawal is made at least five years after the first contribution was made to a Roth IRA set up for your benefit, and the IRA owner meets one of the following conditions:</p> <ul style="list-style-type: none"> • Age 59½ or older • Disability • First-time homebuyer* <p>If these conditions are not met, earnings are taxable and may be subject to a penalty, unless an exception applies. (See the traditional IRA "Withdrawals" section to the left.)</p>
	Withdrawals made by beneficiaries are not subject to the 10% early withdrawal tax penalty. In addition, if the first Roth contribution was made at least five years earlier, these withdrawals aren't subject to taxes either.	
Age limit for contributions	Contributions can be made as long as the owner has earned income at the end of the calendar year for which it is being made.	None, as long as the IRA owner's income meets the annual eligibility requirements.
Required minimum distributions (RMDs)	Must begin taking RMDs no later than April 1 of the year following the year in which the owner reached age 73.	Not required during the Roth IRA owner's lifetime.
	For beneficiaries, distribution rules vary depending on the age of and relationship to owner at death.	
Taxability of retirement plan rollovers	May roll any non-Roth portion of a retirement plan account into a traditional IRA without tax consequences.	<ul style="list-style-type: none"> • Rolling the non-Roth portion of a retirement plan account into a Roth IRA is a taxable event, but the amount is not subject to a 10% early withdrawal penalty. • Rolling over the Roth portion isn't a taxable event.

Key IRA age milestones and tips

Catch-up contributions

Age 50
Starting at age 50, your annual contribution limit increases, enabling you to put more money into an IRA.

Penalty-free withdrawals

Age 59½
Once you turn 59½, you are permitted to withdraw funds from your IRAs without incurring a penalty, even if you are still working.

Take your RMDs

Age 73
You must begin taking RMDs from your traditional IRAs upon reaching age 73, whether or not you have actually retired from work.

* In accordance with IRS qualification requirements.

4 | Other considerations

Can I convert a traditional IRA to a Roth IRA?

Yes, you may convert a traditional IRA to a Roth IRA regardless of your income or tax-filing status. A Roth conversion may be worth considering if you:

- Can leave the money in the account for at least five years after your first contribution and not withdraw assets until you reach age 59½.
- Expect your tax rate to rise in the future and, as a result, would rather pay income taxes now.
- Can pay the resulting income taxes from a source other than the IRA so that the full amount of the traditional IRA goes into the Roth IRA. You may be able to offset the tax due on the conversion if you have other losses or deductions on your tax return.

Could I be eligible to contribute to both types of IRAs?

Yes, as long as you meet eligibility rules for both traditional and Roth IRAs, and your combined contribution doesn't exceed the annual contribution limits shown on page 3. An advantage of investing in both a tax-deferred account (such as a 401(k) plan or a traditional IRA) and a tax-free account (such as a Roth IRA) is that you'll gain the flexibility to choose which account to make withdrawals from during retirement as your tax rate rises or falls.

Does having multiple IRAs affect the amount that is considered taxable on a Roth IRA conversion?

Yes. Even if all of the assets are not converting, the IRS requires that the tax calculation accounts for the value of all your IRA assets owned on December 31 of the conversion year. Taxable amounts converted are treated as taxable income; consult a tax advisor for your specific scenario.

Should I withdraw money from my IRA before I retire?

In moments of stress, reaching for the easiest solution is often attractive, but not always wise. While financial circumstances may require you to take a withdrawal from your IRA, doing so can carry a penalty and additional taxes. So, before you take an early withdrawal, review the following considerations:

- Is this a financial emergency?
- Have you considered other financial sources?
- What impact will it have on your long-term retirement savings program?

Is your beneficiary designation up to date?

Who will inherit your IRA account? Some investors forget to name a beneficiary or update an obsolete designation. In the event you fail to name a beneficiary, the IRA agreement explains how your account will be distributed.

Are you on track for retirement?

To help, we encourage you to:

- Review your quarterly statements.
- Check in with your financial professional at least once a year.
- Discuss with your financial professional whether you're still eligible to contribute to your IRA.

Ready? Set? Go!

Now that you know more about IRAs and the powerful role one or more could play in your financial well-being during retirement, it may be time to consider opening an IRA with Capital Group. Contact your financial professional today to get started.

The Capital Advantage[®]

Since 1931, Capital Group, home of American Funds, has helped investors pursue long-term investment success. Our consistent approach – in combination with The Capital System[™] – has resulted in superior outcomes.

Aligned with investor success

We base our decisions on a long-term perspective, which we believe aligns our goals with the interests of our clients. Our portfolio managers average 28 years of investment industry experience, including 22 years at our company, reflecting a career commitment to our long-term approach.¹

The Capital System

The Capital System combines individual accountability with teamwork. Funds using The Capital System are divided into portions that are managed independently by investment professionals with diverse backgrounds, ages and investment approaches. An extensive global research effort is the backbone of our system.

American Funds' superior outcomes

Equity-focused funds have beaten their Lipper peer indexes in 90% of 10-year periods and 99% of 20-year periods.² Relative to their peers, our fixed income funds have helped investors achieve better diversification through attention to correlation between bonds and equities.³ Fund management fees have been among the lowest in the industry.⁴

¹ Investment industry experience as of December 31, 2022.

² Based on Class F-2 share results for rolling monthly 10- and 20-year periods starting with the first 10- or 20-year period after each mutual fund's inception through December 31, 2022. Periods covered are the shorter of the fund's lifetime or since the comparable Lipper index inception date (except Capital Income Builder and SMALLCAP World Fund, for which the Lipper average was used). Expenses differ for each share class, so results will vary. Past results are not predictive of results in future periods.

³ Based on Class F-2 share results as of December 31, 2022. Sixteen of the 18 fixed income American Funds that have been in existence for the three-year period showed a three-year correlation lower than their respective Morningstar peer group averages. S&P 500 Index was used as an equity market proxy. Correlation based on monthly total returns. Correlation is a statistical measure of how two securities move in relation to each other. A correlation ranges from -1 to 1. A positive correlation close to 1 implies that as one security moves, either up or down, the other security will move in "lockstep," in the same direction. A negative correlation close to -1 indicates that the securities have moved in the opposite direction.

⁴ On average, our mutual fund management fees were in the lowest quintile 62% of the time, based on the 20-year period ended December 31, 2022, versus comparable Lipper categories, excluding funds of funds.

Class F-2 shares were first offered on August 1, 2008. Class F-2 share results prior to the date of first sale are hypothetical based on the results of the original share class of the fund without a sales charge, adjusted for typical estimated expenses. Results for certain funds with an inception date after August 1, 2008, also include hypothetical returns because those funds' Class F-2 shares sold after the funds' date of first offering. Refer to [capitalgroup.com](https://www.capitalgroup.com) for more information on specific expense adjustments and the actual dates of first sale.

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing.

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Tips and Takeaways: How to Stand Out at Work

You can't be a stand-out if nobody sees you.

What your colleagues and leadership team know about your skills and contributions is what powers you forward in your career. You must be seen, and you must be trusted.

To gain visibility and trust, it helps to strengthen your relationships, establish your professional brand and be clear about your career goals. At a recent [GovLoop training](#), "How to Stand out at Work," experts from government and industry shared their perspectives on how to do that.



Establish Trust

- 1. Take actions** that help you trust yourself, which will help others trust you. Understand your goals and objectives. **Think about** what motivates you in the workplace and what helps you follow through.
- 2. Cultivate** mutual relationships. **Show up** for your team (as well as yourself) and **build rapport** with colleagues. **Enhance** relationships by being accountable and by challenging yourself.

"They have to see you in action, you have to follow through, and you have to be active from your inner core."

— Kristin Austin

"Trust is everything... But you've got to understand the style of your leader and be able to build the trust in that way."

— Claudette Fernandez

Speaker Box:



Amanda Andrews
Interim Chief of Staff
for the Office of the
Chief Information
Officer at the National
Nuclear Security
Administration



Kirstin Austin
Chief Learning Officer
at the Internal Revenue
Service



Steaphanie Geiger
CEO and Founder of
Geiger Consulting
Group

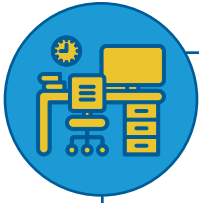


Claudette Fernandez
General Deputy
Assistant Secretary for
Community Planning
and Development at
the U.S. Department
of Housing and Urban
Development

Tips and Takeaways: How to Stand Out at Work

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PROFESSIONAL DEVELOPMENT BY govloop

This resource was brought to you by NextGen. The NextGen Government Training Summits are virtual professional development events for public servants to learn, innovate and get to the next level in their career. The upcoming Summit will be hosted Oct. 25, 2023. Learn more here: <https://www.nextgengovt.com>



Consider Environment

1. **Be intentional** about interacting with leadership, especially in virtual environments.
2. **Make** a safe space for feedback and **allow** difficult conversations.
3. **Know** your audience. **Embrace** your uniqueness and **express yourself** confidently. **Remain aware** of workplace dynamics.
4. **Think** about your unique contributions, especially in managing difficult tasks and situations.

“I first think about being authentic. For me that’s about showing up and presenting myself to my peers with the same positive attitude and energy every day.... It’s that rapport, and that authenticity with yourself and your team, that ultimately helps you stand out at work.”

— Amanda Andrews

“Take time to understand the leadership priorities. How can you align yourself to what is important to them, and their goals?”

— Stephanie Geiger

“Talk loud and often about your goals...Because people will help you identify those opportunities.”

— Amanda Andrews

Tips and Takeaways: How to Stand Out at Work

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Support Your Team(s)

1. **Aim** to be a problem-solver and a resource. **Maintain** positivity as you **align** with your organization's mission.
2. If you're brand new, **ask questions** that help you expand your expertise and help your organization focus on its mission. **Look** for support when you need it.
3. If you're a seasoned employee, **share** your influence and **lift others** with your institutional knowledge. **Be inclusive** in the way you approach a problem — let others shine as you develop your network.
4. **Go outside** your own office to establish relationships with partner agencies. **Create** strong lines of communication with them.

“Sometimes, it’s not about you being front and center. Sometimes, it’s about authentically giving to others and sharing your authority and power...and that’s how you get noticed.”

— Claudette Fernandez

“Volunteer for challenging assignments... and find the ones that you’re passionate about.”

— Stephanie Geiger

“Solving a problem and advocating for others who can help with the issue — that’s also going to create moments for visibility.”

— Amanda Andrews

Your Personal Brand:

It should represent your authentic self, what you're passionate about, what values you believe in and what you can contribute. One technique to understand your brand is to think about a historical figure who inspires you and read up on that person. Make a list of what you'd like to emulate about them in your work and in your life.

“It is worth your time to reflect on your values and what you want to be aligned with, because that’s how you can establish your brand.”

— Kristin Austin