



2017

## **IMPORTANT NOTICE**

### **RE: Income Tax Withholding on Monthly Pensions**

Dear Pensioner:

We are required by government regulation to inform you that the payments you receive from the Central Pension Fund may be subject to Federal income tax withholding unless you elect not to have the withholding apply.

You may elect not to have withholding apply to your pension payments by returning the signed and dated Election Form (enclosed) to the Central Pension Fund, 4115 Chesapeake Street, NW, Washington, DC 20016-4665.

If you elect not to have withholding apply to your pension payments or if you do not have enough Federal income tax withheld from your pension payments, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient. Your local Internal Revenue Service office can help you determine this.

Your election will remain in effect until you revoke it. You may revoke your election, at any time, by returning a signed and dated revocation to the Central Pension Fund. Any elections or revocations will be effective no later than January 1st, May 1st, July 1st or October 1st, after which it is received, so long as it is received at least 30 days before that date. You may make and revoke elections not to have the withholding apply as often as you wish. Additional Election Forms may be obtained from the Central Pension Fund.

The 1986 Tax Reform rules say that in determining the amount to be withheld, we are to assume that all retirees are married and each person is eligible for the elderly deduction. Thus, unless we are notified otherwise, we must withhold taxes on pension payments that exceed \$20,802.00 annually.

As a retiree, you must choose one of the following Options regardless of your monthly amount:

- 1) You may elect not to have taxes withheld from your pension as provided by the government regulations.
- 2) You may elect to have taxes withheld:
  - A. Based on the correct exemption per IRS Form W-4P
  - B. Based on a graduated amount per IRS Rules
  - C. Based on an amount specified to us.

(Over)

**PLEASE SELECT ONE OF THE PRECEDING OPTIONS  
AND FOLLOW THE INSTRUCTIONS FOR THAT OPTION BELOW**

If you chose Option 1:

Complete the enclosed form and return it to the Central Pension Fund immediately.

If you chose Option 2A:

If you wish your taxes withheld based on the correct exemption, obtain an Internal Revenue Service Form W-4P from your local Internal Revenue Service office. Complete the form and return it to the Central Pension Fund.

If you chose Option 2B:

If you wish deductions, based on Internal Revenue Service rules, as married and claiming the elderly deduction, (i.e., no tax will be withheld if your annual amount is less than \$20,802.00 or \$1,733.50 monthly) check box 2B, fill in the information, sign, date and return the enclosed form to the Central Pension Fund (see Monthly Deduction Schedule for Option 2B on Election Form).

If you chose Option 2C:

If you wish deductions, based on an amount specified by you, check box 2C, specify the amount, fill in the information, sign, date and return the enclosed form to the Central Pension Fund.

If you need assistance, your local Internal Revenue Service office or tax accountant should be contacted.

Please note: If your annual amount is more than \$20,802.00 and we do not hear from you 30 days prior to sending your first check, we will automatically withhold tax pursuant to Option 2B above.

If you have any questions concerning this withholding tax change, please contact the Participant Records Department at the Central Pension Fund at this number: (202) 362-1000.

Sincerely,

Michael R. Fanning  
Chief Executive Officer

Enclosure

**2017 MONTHLY DEDUCTION UNDER OPTION 2B**

**Monthly Pension**

**Amount Withheld**

\$ -0- to \$ 1,733.50 No tax to be withheld unless directed by the recipient.

\$1,733.51 to \$ 3,287.50 10% of monthly income in excess of \$1,733.50

\$3,287.51 to \$ 8,058.50 = \$155.40 plus 15% of monthly income in excess of \$3,287.50

\$8,058.51 to \$14,491.50 = \$871.05 plus 25% of monthly income in excess of \$8,058.50

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To:

Central Pension Fund  
ATTENTION: Participant Records Department  
4115 Chesapeake Street, NW  
Washington, DC 20016-4665

Options

1. I do not wish to have income tax withheld from my pension checks.
- 2A. I will send you Form W-4P.
- 2B. I wish deductions made in accordance with IRS rules.
- 2C. I wish \$\_\_\_\_\_ withheld monthly from my pension checks.

**(Please Print)**

Name \_\_\_\_\_ Social Security No.: \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_