

Federal Income Tax Withholding Instructions for Completing the Federal Form W-4P Withholding Certificate for Periodic Pension or Annuity Payments

The Church Pension Fund (CPF) can accommodate the election of federal income tax withholding on periodic pension payments from The Church Pension Fund Clergy Pension Plan and/or related plan (Clergy Pension Plan), The Episcopal Church Lay Employees' Retirement Plan (Lay DB Plan), and the International Clergy Pension Plan (ICPP) for retired clergy, retired lay, surviving spouses, beneficiaries, and alternate payees.

Instructions for Retired Clergy Receiving Periodic Pension Payments – US Citizens and US Resident Aliens

If you are a retired clergyperson, federal income tax withholding is optional on periodic pension distributions from the Clergy Pension Plan and the ICPP. Therefore, if you do not return a completed federal **Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments**, no federal income taxes will be withheld from your periodic pension distributions. Please be aware that this may result in an insufficient payment of your federal income tax liability, and the IRS may impose interest and penalties for the underpayment of income tax.

- If you wish to voluntarily elect federal income tax withholding, then a Form W-4P must be completed. Please complete Steps 2, 3, and 4, where applicable.
- Alternatively, you can enter a fixed dollar amount of withholding on Step 4(c) and write **“FIXED AMOUNT TO BE WITHHELD” on Form W-4P in the space below Step 4(c)**. This will ensure that only the flat amount will be withheld. If you do not write “Fixed Amount to Be Withheld” but simply put in a flat amount, it will be treated as an ADDITION to the withholding calculated in Steps 2, 3, and 4.

Instructions for Retired Lay, Surviving Spouses, Beneficiaries, or Alternate Payees (including a clergyperson who is receiving pension distributions as a surviving spouse) Receiving Periodic Pension Payments – US Citizens and US Resident Aliens

If you are a retired lay employee, surviving spouse, beneficiary, or alternate payee, you must complete and return the enclosed federal **Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments**, with your other benefit forms.

- If you do not want federal income taxes withheld from your periodic pension distributions, follow the IRS instructions for Form W-4P. However, if this election results in an insufficient payment of your federal income tax liability, the IRS may impose interest and penalties for the underpayment of income tax.
- If you wish to elect federal income tax withholding, then a Form W-4P must be completed. Please complete Steps 2, 3, and 4, where applicable.
- If you do not complete a federal Form W-4P or if it is incomplete (e.g., SSN is missing or incorrect, signature missing, etc.), CPF is required to apply the default federal income tax withholding on periodic pension distributions, which is **“single with no adjustments.”**

Clergy Housing Allowance

Pension benefits paid to retired lay employees, surviving spouses, beneficiaries, and alternate payees are not eligible for the clergy housing allowance exclusion.

Mandatory Withholding on Payments Delivered Outside the United States

The election to be exempt from federal income tax withholding does not apply to any periodic payment delivered outside the United States or its possessions to a US citizen or resident alien.

Submitting Form W-4P

Please return a completed federal **Form W-4P**, if applicable, with your other benefit forms. Please be sure all necessary information has been supplied. This includes your name, address, and Social Security Number, as well as completion of the appropriate line(s). Also make sure that you have signed and dated the form. Once you have returned the Form W-4P, it will remain in effect for this specific benefit until you change or revoke it in writing.

Please note that it may take up to two payment cycles for the election to become effective, depending on when we receive the form.

IRS Resources

For federal Form W-4P and the related instructions, please visit irs.gov/pub/irs-pdf/fw4p.pdf. A federal income tax withholding estimator can be found at irs.gov/individuals/tax-withholding-estimator, and IRS withholding tables and related worksheets can be found at irs.gov/pub/irs-pdf/p15t.pdf. For your convenience, a paper copy of the IRS withholding tables, instructions, and related worksheets to federal Form W-4P are available upon request by contacting Church Pension Group Client Services at (866) 802-6333.

Payments to Nonresident Aliens (i.e., non-US citizens or non-US resident aliens, foreign individuals, or nonresident aliens) – **Do not use Form W-4P** (use **Form W-8BEN** instead).

We recommend that you consult your tax advisor before making any elections. While we cannot offer tax advice, our consultants are available at their toll-free numbers to assist you:

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| Nancy N. Fritschner | (877) 305-1414 |
| Mary Ann Hanson, CPA | (877) 305-1415 |
| Dolly Rios, CPA | (833) 363-5751 <i>Fluent in English and Spanish</i> |

If you have questions, please call Church Pension Group Client Services at (866) 802-6333, Monday to Friday, 8:30 AM to 8:00 PM ET.

The Church Pension Fund and its affiliates do not provide, and none of the information furnished in this document should be viewed as, investment, tax, legal, or other advice. Your personal decisions should be based on the recommendations of your own professional advisors.

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