

Federal Income Tax Withholding Instructions for completing the CPF Substitute Form W-4-P Withholding Certificate for Periodic Pension Distributions

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

Retired Cleric

Federal income tax withholding is optional on pension distributions from the Clergy Pension Plan and the ICPP. Therefore, if you do not return the **CPF Substitute Form W-4P** withholding certificate for periodic pension distributions, no federal income taxes will be withheld from your 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.

However, if you wish to voluntarily elect federal income tax withholding, simply make the appropriate election within **SECTION A** of the **CPF Substitute Form W-4P** withholding certificate for periodic pension distributions.

- If you choose to have a specific amount of federal income taxes withheld from your periodic pension distribution, please be sure to enter the “flat amount” and check the middle box on SECTION A of the form.
- If you choose to have federal income taxes withheld based on your marital status and your number of allowances, please choose the bottom box within SECTION A of the form and be sure to complete **both** Step 1, *Marital Status* and Step 2, *Number of Allowances*. You may also choose to have an additional amount of federal income taxes withheld from your periodic pension distributions.

Please note: Some clergy may find it easier to elect a specific “flat amount” of federal income tax to be withheld from each periodic pension distribution; this can be accomplished by completing the middle box on Section A of the form.

For more information on IRS withholding tables and instructions to IRS Form W-4P and the related worksheets, please visit irs.gov/pub/irs-pdf/fw4p.pdf. A paper copy of the IRS withholding tables, instructions, and related worksheets to IRS Form W-4P are available upon request by contacting Client Services at (866) 802-6333. For your convenience, a federal income tax calculator can be found at irs.gov/W4App.

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

Retired Lay, Surviving Spouse, Beneficiary, or Alternate Payee (including a clergy member who is receiving pension distributions as a surviving spouse)

Please read these instructions carefully and make the appropriate federal income tax withholding election within **SECTION B** of the enclosed **CPF Substitute Form W-4P** withholding certificate for periodic pension distributions.

- If you do not want to have federal income taxes withheld from your periodic pension distribution, check the top box within SECTION B of the form. You do not need to state a reason for a “no withholding” decision. 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 do wish to have federal income taxes withheld from your periodic pension distributions, check the bottom box within SECTION B of the form and complete **both** Step 1, *Marital Status* and Step 2, *Number of Allowances*. You may also choose to have an additional amount of federal income taxes withheld from your periodic pension distributions.

For more information on IRS withholding tables and instructions to IRS Form W-4P and the related worksheets, please visit irs.gov/pub/irs-pdf/fw4p.pdf. A paper copy of the IRS withholding tables, instructions, and related worksheets to IRS Form W-4P are available upon request by contacting Client Services at (866) 802-6333. For your convenience, a federal income tax calculator can be found at irs.gov/W4App.

Return the **CPF Substitute Form W-4P** withholding certificate with the other required forms provided in your package. Please be sure to include all necessary information such as your name, address, and Social Security number, as well as completion of the appropriate line(s). Once you have returned this form, it will remain in effect for this specific benefit until you change or revoke it in writing.

If you do not properly complete and return a **CPF Substitute Form W-4P** withholding certificate for periodic pension distributions, we will be required to withhold federal income taxes as if you were a married person claiming three (3) withholding allowances. As such, federal income taxes will be withheld if your expected periodic pension benefits for **2018** are equal to or greater than \$23,880. If you do not properly complete and return a **CPF Substitute Form W-4P** withholding certificate for periodic pension distributions and your expected periodic pension distributions for **2018** will be less than \$23,880, no federal income tax will be withheld.

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

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

Resettlement benefit or lump sum payment of small benefit

If you are a surviving spouse, beneficiary, or alternate payee in receipt of the “resettlement benefit” or any other non-periodic payment and you have elected to directly receive the distribution of this benefit, be advised that this distribution will be subject to 20% mandatory federal income tax withholding. Please refer to *the Resettlement Benefit Selection Form* or the *Payment Method Authorization for Lump Sum Pension Benefit* (for surviving spouses, beneficiaries, or alternate payees) for more information.

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 or non-periodic payment delivered outside the United States or its possessions to a U.S. citizen or resident alien.

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

Nancy N. Fritschner, CPA	(877) 305-1414
The Rev. Canon William F. Geisler, CPA-Retired	(877) 305-1415
Dolly Rios, CPA	(833) 363- 5751

If you have questions, please contact Client Services at (866) 802-6333, Monday – Friday, 8:30AM – 8:00PM ET (excluding holidays).

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.

This document is provided for your information only. In the event of a conflict between the information contained in this document and the official plan document, the official plan document will govern. The Church Pension Fund and its affiliates retain the right to amend, terminate, or modify the terms of any benefit plans described in this document at any time, without notice, and for any reason.