

## State Income Tax Withholding on Benefit Payments

February 2016

The Church Pension Fund (“CPF”) can accommodate the election of state income tax withholding on benefit payments from The Church Pension Fund Clergy Pension Plan and The Episcopal Church Lay Employees’ Retirement Plan.

**For members of the clergy**, state income tax withholding is optional, and therefore, if you do not return the payment voucher, your existing state income tax withholding amount will not change. However, if you wish to elect state income tax withholding, simply make the appropriate election on the Northern Trust payment voucher or the CPF State Tax Withholding Certificate Form W-4P Equivalent. Forms received by the 15th of the month will be processed for the next benefit payment. You can fax your CPF State Tax Withholding Certificate Form W-4P Equivalent to (877) 432-9274 or email it to [\*\*benefits@cpg.org\*\*](mailto:benefits@cpg.org).

**If you are a member of the laity or a beneficiary of the clergy or lay plan**, we recommend that you read this letter carefully, make the appropriate state income tax withholding election on the Northern Trust payment voucher or the CPF State Tax Withholding Certificate Form W-4P Equivalent. Forms received by the 15th of the month will be processed for the next benefit payment.

It is important to note the following when completing your state income tax withholding election:

- If you legally reside in one of the following states, you must complete your elections on the Northern Trust payment voucher or the CPF State Tax Withholding Certificate Form W-4P Equivalent. Otherwise CPF will automatically apply your state’s default income tax withholding for benefit payments starting with your first benefit payment: Arkansas, California, Delaware, Georgia, Iowa, Kansas, Maine, Massachusetts, Nebraska, North Carolina, Oklahoma, Oregon, Vermont, Virginia.
- If you reside in Arkansas, California, Delaware, Georgia, Kansas, Maine, North Carolina, or Vermont, you may choose to not have state income taxes withheld from your payments by electing “No, do not withhold tax” even if federal income taxes are withheld from those payments.
- If you legally reside in Iowa, Massachusetts, Nebraska, Oklahoma, Oregon, or Virginia, you may only opt out of state income tax withholding if you have also opted out of federal income tax withholding.
- If you legally reside in any state not mentioned above, state income tax withholding is optional; if you do not return any withholding elections no state income tax will be withheld from your pension payments.
- If you legally reside in one of the following states, do not elect state income tax withholding because such states either do not impose personal income taxes on residents or exempt pension payments from state income tax: Alaska, Florida, Hawaii, Illinois, Mississippi, Nevada, New Hampshire, Pennsylvania, South Dakota, Tennessee, Texas, Washington, Wyoming.
- If you legally reside in the District of Columbia, please note that withholding is mandatory for all lump-sum distributions of a resident payee’s entire account balance. Withholding is voluntary for all other annuity and pension payments.
- You may change your state income tax withholding election at any time, either by changing your state income tax withholding election on any future voucher that you receive from Northern Trust, or by contacting the Fund directly. The CPG State Tax Withholding Certificate Form W-4P Equivalent is also available through the Church Pension Group website: [\*\*www.cpg.org/forms-and-publications/forms/pensions/\*\*](http://www.cpg.org/forms-and-publications/forms/pensions/)

We recommend that you consult your tax advisor or the state income tax withholding instructions for your state of residence prior to making your state tax withholding election. CPF cannot provide any investment or tax advice. If you have any other questions, please feel free to contact Client Services at (866) 802-6333, Monday – Friday, 8:30AM – 8:00PM ET (excluding holidays).