

2009 Form W-4P



2172

What Is Form W-4P?

This form is for recipients of income from annuity, pension, and certain other deferred compensation plans to tell payers whether income tax is to be withheld and on what basis. Your options depend on whether

the payment is periodic or nonperiodic (including an eligible rollover distribution) as explained on page 4. You can use this form to choose to have no income tax withheld from the payment (except for eligible rollover distributions or payments to U.S. citizens

delivered outside the United States or its possessions) or to have an additional amount of tax withheld. (Continued on page 2.)

Sign this form. Form W-4P is not valid unless you sign it.

A	Form W-4P	Federal Tax Withholding Certificate for Pension or Annuity Payments	OMB No. 1545-0074 2009
Type or print your full name		Your Social Security number	
Home address (number and street or rural route)		Claim or identification number (if any) of your pension or annuity contract	
City or town, state, and ZIP code			
Complete the following applicable lines:			
1 Check here if you do not want any federal income tax withheld from your pension or annuity. (Do not complete lines 2 or 3.) <input type="checkbox"/> Note: 20 percent withholding is mandatory for certain qualifying distributions unless you elect a direct transfer rollover to a traditional IRA or other eligible employer plan. ▶			
2 I want my withholding from each periodic pension or annuity payment to be figured using the number of allowances and marital status shown. (You may also designate an additional dollar amount on line 3.).....▶ <input type="checkbox"/> Marital status: <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher "Single" rate (Enter number of allowances.)			
3 I want the following additional amount withheld from each pension or annuity payment. (Note: For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2.)▶ \$ _____			
Your signature ▶		Date ▶	

Oregon state tax withholding will be based on Section A unless you complete Section B. Retirees who are not Oregon residents who do not want Oregon tax withholding should check the box on Line 1 in Section B.

B	Form W-4P	Oregon State Tax Withholding Certificate for Pension or Annuity Payments	OMB No. 1545-0074 2009
Type or print your full name		Your Social Security number	
Home address (number and street or rural route)		Claim or identification number (if any) of your pension or annuity contract	
City or town, state, and ZIP code			
Complete the following applicable lines:			
1 Check here if you do not want any state income tax withheld from your pension or annuity. (Do not complete lines 2 or 3.) <input type="checkbox"/>			
2 Total number of allowances and marital status you are claiming withholding from each periodic pension or annuity payment. (You may also designate an additional dollar amount on line 3.).....▶ <input type="checkbox"/> Marital status: <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher "Single" rate (Enter number of allowances.)			
3 Additional amount, if any, you want withheld from each pension or annuity payment. (Note: For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2.)▶ \$ _____			
Your signature ▶		Date ▶	

Instructions:

Please print in ink or type.

Please sign and date each form you complete. Incomplete forms will be returned.

Mail to: PERS, P.O. Box 23700, Tigard, OR 97281-3700.

- If you receive periodic payments and if you complete line 3 of the form, you must complete line 2, including the number of allowances. The amount you enter on line 3 will be deducted in addition to the amount deducted based on the marital status and allowances entered on line 2.
- Refer to IRS Publication 505, *Tax Withholding and Estimated Tax* if you need further instructions.
- Contact the Oregon Department of Revenue at ☎ 503-378-4988 (Salem) with questions regarding Oregon state tax.

Office use only	
<input checked="" type="checkbox"/> PERS <input type="checkbox"/> OPSRP <input type="checkbox"/> IAP	
<input type="checkbox"/> Member <input type="checkbox"/> Alternate payee <input type="checkbox"/> Cross reference member SSN	

What Do You Need To Do?

If you do not want tax withheld, you can skip the worksheet attached and go directly to form W-4P. Otherwise, complete lines A through G of the worksheet below. Many recipients can stop at line G.

Sign this form. Form W-4P is not valid unless you sign it.

Other Income?

If you have a large amount of income from other sources not subject to withholding (such as interest, dividends, or taxable Social Security), you should consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Call 800-829-3676 for copies of Form 1040-ES, and Pub. 505, *Tax Withholding and Estimated Tax*.

When Should I File?

Complete the form and give it to the payer as soon as possible to avoid other withholding problems.

Multiple Pensions? More Than One Income?

To figure the number of allowances you may claim, combine allowances and income subject to withholding from all sources on one worksheet. You can file a Form W-4P with each pension payer, but do not claim the same allowances more than once. Your withholding will usually be more accurate if you claim all allowances on the Form W-4P for the largest source of income subject to withholding.

Personal Allowances Worksheet

- A Enter "1" for **yourself** if no one else can claim you as a dependent..... A _____
- B Enter "1" if:..... B _____
 - You are single and have only one pension; or
 - You are married, have only one pension, and your spouse has no income subject to withholding; or
 - Your income from a second pension or a job or your spouse's pension or wages (or the total of all) is \$1,500 or less.
- C Enter "1" for your **spouse**. You may choose to enter -0- if you are married and have either a spouse who has income subject to withholding or you have more than one source of income subject to withholding. (Entering -0- may help you avoid having too little tax withheld.)..... C _____
- D Enter number of **dependents** (other than your spouse or yourself) you will claim on your tax return D _____
- E Enter "1" if you will file as a **head of household** on your tax return..... E _____
- F **Child Tax Credit** (including additional child tax credit):
 - If your total income will be less than \$61,000 (\$90,000 if married), enter "2" for each eligible child; then **less** "1" if you have three or more eligible children.
 - If your total income will be between \$61,000 and \$84,000 (\$90,000 and \$119,000 if married), enter "1" for each eligible child plus "1" **additional** if you have six or more eligible children F _____
- G Add lines A through F and enter total here. (**Note:** *This may be different from the number of exemptions you claim on your tax return.*) G _____

For accuracy, complete all worksheets that apply.

- If you plan to **itemize or claim adjustments to income** and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** below.
- If you have more than one source of income subject to withholding or a spouse with income subject to withholding **and** your combined income from all sources exceeds \$40,000 (\$25,000 if married), see the **Multiple Pensions/More Than One Income Worksheet** on page 3 to avoid having too little tax withheld.
- If **neither** of the above situations applies to you, **stop here** and enter the number from line G above on line 2 of federal Form W-4P on page 1.

Deductions and Adjustments Worksheet

Note: Use this worksheet **only** if you plan to itemize deductions, claim certain credits, or claim adjustments to income on your 2009 tax return.

1. Enter an estimate of your 2009 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5 percent of your income, and miscellaneous deductions. (For 2009, you may have to reduce your itemized deductions if your income is over \$166,800 (\$83,400 if married filing separately.) (Get Pub. 919 for details.)..... 1 \$ _____
2. Enter:..... 2 \$ _____
 - \$11,400 if married filing jointly or qualifying widow(er)
 - \$8,350 if head of household
 - \$5,700 if single or married filing separately
3. **Subtract** line 2 from line 1. If line 2 is greater than line 1, enter -0- 3 \$ _____
4. Enter estimate of your 2009 adjustments to income, including alimony, deductible IRA contributions, and student loan interest. 4 \$ _____
5. **Add** lines 3 and 4 and enter the total. 5 \$ _____
6. Enter an estimate of your 2009 income not subject to withholding (such as dividends or interest)..... 6 \$ _____
7. **Subtract** line 6 from line 5. Enter the result, but not less than zero..... 7 \$ _____
8. **Divide** the amount on line 7 by \$3,500 and enter the result here. Drop any fraction..... 8 \$ _____
9. Enter the number from **Personal Allowance Worksheet**, line G, above 9 \$ _____
10. **Add** lines 8 and 9 and enter the total here. If you plan to use the **Multiple Pensions/More Than One Income Worksheet**, also enter the total on line 1 below. Otherwise **stop here**, and enter this total on Form W-4P, line 2 on page 1 10 \$ _____

Multiple Pensions/More Than One Income Worksheet

Note: Use this worksheet only if the instructions under line G on page 2 direct you here. This applies if you (and your spouse if married filing a joint return) have more than one source of income subject to withholding (such as more than one pension, or a pension and a job, or you have a pension and your spouse works).

1. Enter the number from line G on page 2 (or from line 10 of the **Deductions and Adjustments Worksheet** on page 2 if applicable) 1 _____
 2. Find the number in **Table 1** below that applies to the **lowest** paying pension or job and enter it here. **However**, if you are married filing jointly and the amount from the highest paying pension or job is \$50,000 or less, do not enter more than "3". 2 _____
 3. If line 1 is **more than or equal to** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter -0-) and on Form W-4P, line 2, page 1. **Do not** use the rest of this worksheet..... 3 _____
- Note:** If line 1 is **less than** line 2, enter -0- on Form W-4P, line 2, page 1. Complete lines 4-9 below to calculate the additional withholding amount necessary to avoid a year end tax bill.
4. Enter the number from line 2 of this worksheet 4 _____
 5. Enter the number from line 1 of this worksheet..... 5 _____
 6. **Subtract** line 5 from line 4 6 _____
 7. Find the amount in **Table 2** below that applies to the **highest** paying pension or job, and enter it here..... 7 \$ _____
 8. **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding needed 8 \$ _____
 9. **Divide** line 8 by the number of pay periods remaining in 2009. For example, divide by 12 if you are paid every month and you completed this form in December 2008. Enter the result here and on Form W-4P, line 3, page 1. This is the additional amount to be withheld from each payment..... 9 \$ _____

Table 1				Table 2			
Married Filing Jointly		All Others		Married Filing Jointly		All Others	
If wages from LOW-EST paying pension or job are-	Enter on line 2 above	If wages from LOW-EST paying pension or job are-	Enter on line 2 above	If wages from HIGH-EST paying pension or job are-	Enter on line 7 above	If wages from HIGH-EST paying pension or job are-	Enter on line 7 above
\$0 - \$4,500	0	\$0 - \$ 6,000	0	\$0 - 65,000	\$550	\$0 - 35,000	\$550
4,501 - 9,000	1	6,001 - 12,000	1	65,001 - 120,000	910	35,001 - 90,000	910
9,001 - 18,000	2	12,001 - 19,000	2	120,001 - 185,000	1,020	90,001 - 165,000	1,020
18,001 - 22,000	3	19,001 - 26,000	3	185,001 - 330,000	1,200	165,001 - 370,000	1,200
22,001 - 26,000	4	26,001 - 35,000	4	330,001 and over	1,280	370,001 and over	1,280
26,001 - 32,000	5	35,001 - 50,000	5				
32,001 - 38,000	6	50,001 - 65,000	6				
38,001 - 46,000	7	65,001 - 80,000	7				
46,001 - 55,000	8	80,001 - 90,000	8				
55,001 - 60,000	9	90,001 - 120,000	9				
60,001 - 65,000	10	120,001 and over	10				
65,001 - 75,000	11						
75,001 - 95,000	12						
95,001 - 105,000	13						
105,001 - 120,000	14						
120,001 and over	15						

Additional Instructions Section references are to the Internal Revenue Code.

When should I complete the form? Complete Form W-4P and give it to the payer as soon as possible. Get **Pub. 919, How Do I Adjust My Tax Withholding?** to see how the dollar amount you are having withheld compares to your projected total tax for 2009. You may also use the Withholding Calculator on the IRS website at www.irs.gov/individuals for help in determining how many withholding allowances to claim on your Form W-4P.

Multiple pensions/more than one income. To figure the number of allowances you may claim, combine allowances and income subject to withholding from all sources on one worksheet. You may file a Form W-4P with each pension payer, but do not claim the same allowances more than once. Your withholding will usually be more accurate if you claim all allowances on the Form W-4P for the highest source of income subject to withholding.

Other income. If you have a large amount of income from other sources not subject to withholding (such as interest, dividends, or capital

gains), consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Call 800-TAX FORM (800-829-3676) to get Form 1040-ES and Pub. 505, *Tax Withholding and Estimated Tax*. You can also get forms and publications from the IRS website at www.irs.gov.

Note: Social Security and railroad retirement payments may be includible in income. See Form W-4V, Voluntary Withholding Request, for information on voluntary withholding on these payments.

Withholding From Pensions and Annuities

Generally, federal income tax withholding applies to the taxable part of payments made from pension, profit-sharing, stock bonus, annuity, and certain deferred compensation plans; from individual retirement accounts (IRAs); and from commercial annuities. The method and rate of withholding depends on (a) the kind of payment you receive, (b) whether the payments are delivered

outside the United States or its commonwealths and possessions, and (c) whether the recipient is a nonresident alien individual, a nonresident alien beneficiary, or a foreign estate. Qualified distributions from a Roth IRA are nontaxable and, therefore, not subject to withholding. See special withholding rules that apply to payments outside of the United States and payments to foreign persons.

Because your tax situation may change from year to year, you may want to refigure your withholding each year. You can change the amount of tax to be withheld by using lines 2 and 3 of Form W-4P.

Choosing not to have income tax withheld. You (or in the event of death, your beneficiary or estate) can choose not to have income tax withheld from your payments by using line 1 of Form W-4P. For an estate, the election to have no income tax withheld may be made by the executor or personal representative of the decedent. Enter the estate's EIN in the area reserved for "your Social Security number" on Form W-4P.

You may **not** make this choice for eligible rollover distributions. See *Eligible rollover distribution - 20 percent withholding*.

Caution: *There are penalties for not paying enough income tax during the year, either through withholding or estimated tax payments. New retirees, especially, should see Pub. 505. It explains your estimated tax requirements and describes penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your pension or annuity using Form W-4P.*

Periodic payments. Withholding from periodic payments of a pension or annuity is figured in the same manner as withholding from wages. Periodic payments are made in installments at regular intervals over a period of more than one year. They may be paid annually, quarterly, monthly, etc.

If you want income tax to be withheld, you must designate the number of withholding allowances on line 2 of Form W-4P and indicate your marital status by checking the appropriate box. Under current law, you cannot designate a specific dollar amount to be withheld. However, you can designate an additional amount to be withheld on line 3. If you do not want any federal income tax withheld from your periodic payments, check the box on line 1 of Form W-4P, and submit the form to your payer. However, see *Payments to Foreign Persons and Payments Outside the United States*.

Caution: *If you do not submit Form W-4P to your payer, the payer must withhold on periodic payments as if you are married claiming three withholding allowances. Generally, this means that tax will be withheld if your pension or annuity is at least \$1,600 a month.*

If you submit a Form W-4P that does not contain your correct taxpayer identification number (TIN), the payer must withhold as if you are single claiming zero withholding allowances even if you choose not to have income tax withheld.

There are some kinds of periodic payments for which you **cannot** use Form W-4P because they are already defined as wages subject to federal income tax withholding. These payments include retirement pay for service in the U.S. Armed Forces, payments from certain nonqualified deferred compensation plans, and state and local deferred compensation plans described in section 457. Your payer should be able to tell you whether federal Form W-4P applies.

For periodic payments, your Form W-4P stays in effect until you change or revoke it. Your payer must notify you each year of your right to choose not to have federal income tax withheld (if permitted) or to change your choice.

Nonperiodic payments—10 percent withholding. Your payer must withhold a flat 10 percent from nonperiodic payments (but see **Eligible rollover distribution-20 percent withholding** below) unless you choose not to have income tax withheld. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. You can choose not to have income tax withheld from a nonperiodic payment (if permitted) by submitting Form W-4P (containing your correct TIN) to your payer and checking the box on line 1. Generally, your choice not to have income tax withheld will apply to any later payment from the same plan. You cannot use line 2 for nonperiodic payments. But you may use line 3 to specify an additional amount you want withheld.

Caution: *If you submit a Form W-4P that does not contain your correct TIN, the payer cannot honor your request not to have income tax withheld and must withhold 10 percent of the payment for federal income tax.*

Eligible Rollover Distribution—20 percent withholding. Distributions you receive from qualified pension or annuity plans (e.g., 401(k) pension plans), IRAs, and section 457(b) plans maintained by a governmental employer), or tax-sheltered annuities that are eligible to be rolled over tax free to an IRA or qualified plan are subject to a flat 20 percent withholding. The 20 percent withholding rate is required, and you **cannot** choose not to have federal income tax withheld from eligible rollover distributions. See Pub. 505 for more details. Do not give Form W-4P to your payer unless you want an additional amount withheld. Then, complete line 3 of Form W-4P, and submit the form to your payer.

Note: The payer will not withhold income tax if the entire distribution is transferred by the plan administrator in a direct rollover to a traditional IRA, qualified pension plan, governmental section 457(b) plan (if allowed by the plan), or tax-sheltered annuity.

Distributions that are (a) required by law, (b) one of a specified series of equal payments, or (c) qualifying “hardship” distributions are **not** “eligible rollover distributions” and are not subject to the mandatory 20 percent federal income tax withholding. See Pub. 505 for details. See also *Nonperiodic payments—10 percent withholding*.

Changing Your “No Withholding” Choice

Periodic payments. If you previously chose not to have income tax withheld and you now want withholding, complete another Form W-4P and submit it to your payer. If you want income tax withheld at the rate set by law (married with three allowances), write “Revoked” next to the checkbox on line 1 of the form. If you want tax withheld (if permitted) at any different rate, complete line 2 on the form.

Nonperiodic payments. If you previously chose not to have income tax withheld and you now want withholding, write “Revoked” next to the checkbox on line 1 and submit Form W-4P to your payer.

Payments to Foreign Persons and Payments Outside the United States

Unless you are a nonresident alien, withholding (in the manner described above) is required on any periodic or nonperiodic payments that are delivered to you outside the United States or its possessions. You **cannot** choose not to have income tax withheld on line 1 of Form W-4P.

In the absence of a tax treaty exemption, nonresident aliens, nonresident alien beneficiaries, and foreign estates generally are subject to a 30 percent federal withholding tax under section 1441 on the taxable portion of a periodic or nonperiodic pension or annuity payment that is from US sources. However, most tax treaties provide that private pensions and annuities are exempt from withholding and tax. Also, payments from certain pension plans are exempt from withholding even if no tax treaty applies. See Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, and Pub. 519, *US Tax Guide for Aliens*, for details. A foreign person should submit form W-8BEN, Certificate of Foreign Status of Beneficial Owner

for United States Tax Withholding, to the payer before receiving any payments. The form W-8BEN must contain the foreign person’s TIN.

Statement of Income Tax Withheld From Your Pension or Annuity

By January 31 of next year, your payer will furnish a statement to you on Form 1099-R. Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., showing the total amount of your pension or annuity payments and the total income tax withheld during the year. If you are a foreign person who has provided your payer with form W-8BEN, your payer instead will furnish a statement to you on form 1042-S, Foreign Person’s U.S. Source Income Subject to Withholding, by March 15 of next year.

Privacy Act and Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to (a) request federal income tax withholding from periodic pension or annuity payments based on your withholding allowances and marital status, (b) request additional federal income tax withholding from your pension or annuity, (c) choose not to have income tax withheld, when permitted, or (d) change or revoke a previous Form W-4P. To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payments(s).

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.