

**Withholding Certificate for
Pension or Annuity Payments**

OMB No. 1545-0415

1997

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, nonperiodic, or an eligible rollover distribution as explained on page 3.

You also can use this form to choose **(a)** 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 **(b)** to have an additional amount of tax withheld.

What Do I Need To Do? Complete lines A through F of the Personal Allowances

Worksheet. Use the additional worksheets on page 2 to adjust your withholding allowances for itemized deductions, adjustments to income, or multiple pensions/more than one income situations. If you do not want income tax to be withheld, you can skip the worksheet below and go directly to the form at the bottom of this page.

Sign This Form.—Form W-4P is not considered 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 1-800-TAX-FORM (1-800-829-3676) for copies of

Form 1040-ES, and **Pub. 505**, Tax Withholding and Estimated Tax.

When Should I Complete the Form? Complete the form and give it to the payer as soon as possible to avoid underwithholding 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:
 { • 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 \$1,000 or less. } **B** _____

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. (This 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 return **D** _____

E Enter "1" if you will file as a **head of household** on your tax return **E** _____

F Add lines A through E and enter total here **F** _____

- If you plan to itemize or claim adjustments to income and want to reduce your withholding, use the **Deductions and Adjustments Worksheet** on page 2.

For accuracy, do all worksheets that apply.

- If you have more than one source of income subject to withholding or a spouse with income subject to withholding AND your combined earnings from all sources exceed \$32,000 (\$55,000 if married filing jointly), use the **Multiple Pensions/More Than One Income Worksheet** on page 2 if you want to avoid having too little tax withheld.

- If **neither** situation applies, just enter the number from line F above on line 2 of Form W-4P below.

----- Cut here and give the certificate to the payer of your pension or annuity. Keep the top portion for your records. -----

**Withholding Certificate for
Pension or Annuity Payments**

OMB No. 1545-0415

1997

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:

- I elect not to have income tax withheld from my pension or annuity. (Do not complete lines 2 or 3.) ☐
- 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.) ☐
 Marital status: ☐ Single ☐ Married ☐ Married, but withhold at higher Single rate (Enter number of allowances.)
- 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 ►

Deductions and Adjustments Worksheet

NOTE: Complete only if you plan to itemize deductions or claim adjustments to income on your 1997 tax return.

1. Enter an estimate of your 1997 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes (but not sales taxes), medical expenses in excess of 7.5% of your income, and miscellaneous deductions in excess of 2% of your income. (For 1997, you may have to reduce your itemized deductions if your income is over \$121,200 (\$60,600 if married filing separately). Get Pub. 919 for details.) . **1** \$ _____
2. Enter: $\left\{ \begin{array}{l} \$6,900 \text{ if married filing jointly or qualifying widow(er)} \\ \$6,050 \text{ if head of household} \\ \$4,150 \text{ if single} \\ \$3,450 \text{ if married filing separately} \end{array} \right\}$ **2** \$ _____
3. **Subtract** line 2 from line 1. If line 2 is greater than line 1, enter -0- **3** \$ _____
4. Enter estimate of your 1997 adjustments to income. These include alimony paid and deductible IRA contributions . . . **4** \$ _____
5. **Add** lines 3 and 4 and enter the total **5** \$ _____
6. Enter an estimate of your 1997 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 \$2,500 and enter the result here. Drop any fraction **8** _____
9. Enter the number from **Personal Allowances Worksheet**, line F, on page 1 **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 this 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: Complete only if the instructions under line F on page 1 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 F on page 1 (or from line 10 above if you used the **Deductions and Adjustments Worksheet**) **1** _____
2. Find the number in **Table 1** below that applies to the **LOWEST** paying pension or job and enter it here **2** _____
3. If line 1 is **GREATER 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** _____
4. If line 1 is **LESS THAN** line 2, enter -0- on Form W-4P, line 2, page 1, and enter the number from line 2 of this worksheet here **4** _____
5. Enter the number from line 1 of this worksheet **5** _____
6. **Subtract** line 5 from line 4 and enter the result here **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 **8** \$ _____
9. **Divide** line 8 by the number of pay periods in 1997. (For example, divide by 12 if you are paid every month.) 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: Multiple Pensions/More Than One Income Worksheet

Married Filing Jointly				All Others	
If amount from LOWEST paying pension or job is—	Enter on line 2 above	If amount from LOWEST paying pension or job is—	Enter on line 2 above	If amount from LOWEST paying pension or job is—	Enter on line 2 above
0 - \$4,000	0	40,001 - 50,000	9	0 - \$5,000	0
4,001 - 7,000	1	50,001 - 60,000	10	5,001 - 11,000	1
7,001 - 12,000	2	60,001 - 70,000	11	11,001 - 15,000	2
12,001 - 17,000	3	70,001 - 80,000	12	15,001 - 20,000	3
17,001 - 22,000	4	80,001 - 100,000	13	20,001 - 24,000	4
22,001 - 28,000	5	100,001 - 110,000	14	24,001 - 45,000	5
28,001 - 32,000	6	110,001 and over	15	45,001 - 60,000	6
32,001 - 35,000	7			60,001 - 75,000	7
35,001 - 40,000	8			75,001 - 90,000	8
				90,001 - 110,000	9
				110,001 - and over	10

Table 2: Multiple Pensions/More Than One Income Worksheet

Married Filing Jointly		All Others	
If amount from HIGHEST paying pension or job is—	Enter on line 7 above	If amount from HIGHEST paying pension or job is—	Enter on line 7 above
0 - \$50,000	\$400	0 - \$30,000	\$400
50,001 - 100,000	740	30,001 - 60,000	740
100,001 - 130,000	820	60,001 - 120,000	820
130,001 - 240,000	950	120,001 - 250,000	950
240,001 and over	1,050	250,001 and over	1,050

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections 3405 and 6109 and their regulations. Failure to provide this information may result in inaccurate withholding on your payment(s).

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 Code section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 40 min.
Learning about the law or the form 20 min.
Preparing the form 49 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the tax form to this address. Instead, give it to your payer.

Withholding From Pensions and Annuities

Generally, withholding applies to payments made from pension, profit-sharing, stock bonus, annuity, and certain deferred compensation plans; from individual retirement arrangements (IRAs); and from commercial annuities. The method and rate of withholding depends on the kind of payment you receive. Also, 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. You can also exempt the payments from withholding by using line 1 of Form W-4P. This exemption from withholding does not apply to eligible rollover distributions (discussed later). Also, the exemption does not apply to certain recipients who have payments delivered outside the United States or its possessions. See **Exemption From Withholding—Payments Outside the United States** later.

Caution: *There are penalties for not paying enough tax during the year, either through withholding or estimated tax payments. New retirees, especially, should see Pub. 505. It explains the estimated tax requirements and 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.—Periodic payments from any plan noted earlier are treated as wages for the purpose of withholding. A periodic payment is one that is includable in your income for tax purposes. You must receive the payment in installments at regular intervals over a period of more than 1 full year from the starting date of the pension or annuity. The intervals can be annual, quarterly, monthly, etc.

Unless you tell your payer otherwise, tax must be withheld on **periodic** payments as if you are married and claiming three withholding allowances. This means that tax will be withheld if your pension or annuity is more than \$1,200 a month (or \$14,400 a year).

There are some kinds of periodic payments for which you **cannot** use Form W-4P since they are already defined as wages subject to income tax withholding. Retirement pay for service in the U.S. Armed Forces generally falls into this category. Certain nonqualified deferred compensation plans and state and local deferred compensation plans described in section 457 also fall into this category. Your payer should be able to tell you whether Form W-4P will apply. Social security and railroad retirement payments may be includable in income. See Form W-4V for information on voluntary withholding on these payments.

For periodic payments, your certificate stays in effect until you change or revoke it. Your payer must notify you each year of your right to elect to have no tax withheld or to revoke your election.

Nonperiodic Payments.—Nonperiodic payments will have income tax withheld at a flat 10% rate (but see **Eligible rollover distribution** below). Distributions from an IRA that are payable on demand are treated as nonperiodic payments. You can elect to have no income tax withheld from a nonperiodic payment by filing Form W-4P with the payer and checking the box on line 1. Generally, your election to have no 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 that an additional amount be withheld.

Eligible Rollover Distribution. You do not have the option of claiming exemption from withholding for eligible rollover distributions from qualified pension or

annuity plans (e.g., 401(k) pension plans) or tax-sheltered annuity plans. See Pub. 505 for more details. Tax will be withheld from an eligible rollover distribution at a flat 20% rate, unless you elect to have more withheld by giving a Form W-4P to the payer. However, no tax will be withheld if the entire distribution is transferred by the plan administrator in a direct rollover to an IRA or qualified pension or tax-sheltered annuity plan. Since you are not entitled to claim exemption from withholding on eligible rollover distributions, do not give Form W-4P to your payer unless you choose to have more than 20% withheld.

Exemption From Withholding—Payments Outside the United States

The election to be exempt from income tax withholding does not apply to any periodic payment or nonperiodic distribution made to a U.S. citizen or resident alien that is delivered outside the United States or its possessions.

Other recipients who have these payments delivered outside the United States or its possessions can elect exemption only if an individual certifies to the payer that the individual is not **(1)** a U.S. citizen or resident alien or **(2)** an individual to whom section 877 of the Internal Revenue Code applies (concerning expatriation to avoid tax). The certification must be made in a statement to the payer under penalties of perjury. A nonresident alien who elects exemption from withholding under section 3405 is subject to withholding under section 1441.

Revoking the Exemption From Withholding

If you want to revoke your previously filed exemption from withholding for periodic payments, complete another Form W-4P and give it to the payer. If you want tax withheld at the rate set by law (married with three allowances), write "Revoked" by the checkbox on line 1 of the form. If you want tax withheld at any different rate, complete line 2 on the form.

If you want to revoke your previously filed exemption for nonperiodic payments, write "Revoked" by the checkbox on line 1 and give Form W-4P to the payer.

Statement of Income Tax Withheld From Your Pension or Annuity

By January 31 of next year, you will receive a statement from your payer showing the total amount of your pension or annuity payments and the total income tax withheld during the year on **Form 1099-R**, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

