

Federal Income Tax Withholding Instructions for Completing the Federal Form W-4R Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions

The Church Pension Fund (CPF) can accommodate the election of federal income tax withholding on nonperiodic payments and eligible rollover distributions from The Church Pension Fund and/or related plan 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 clergy, retired lay, surviving spouses, beneficiaries, and alternate payees.

Instructions for Retired Clergy – US Citizens and US Resident Aliens

Federal income tax withholding is **optional** on nonperiodic pension distributions and eligible rollover distributions.

- If a clergy member **does not complete a Form W-4R, *Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions* no federal income taxes** will be withheld from nonperiodic pension distributions/eligible rollover distributions.
- If a clergy member **voluntarily chooses to elect federal income tax withholding** on nonperiodic pension distributions, including required minimum distributions (RMD) and eligible rollover distributions, then a Form W-4R must be completed, and **a percentage of income tax to be withheld must be entered on Line 2.**
 - **Nonperiodic payments – can be anything between 0% and 100%**
 - **Eligible rollover distributions – must be 20% or more**

Instructions for Retired Lay, Surviving Spouses, Beneficiaries, or Alternate Payees (including a clergy person is receiving pension distributions as a surviving spouse) – 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-4R, *Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions***, with your other benefits forms.

- The federal Form W-4R must be completed to elect federal income tax withholding on nonperiodic pension distributions, including required minimum distributions (RMD) and eligible rollover distributions.
- If you do not want federal income taxes withheld from your nonperiodic pension benefits, follow the instructions on Form W-4R. 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.
- To elect federal income tax withholding on **nonperiodic pension distributions**, you can choose to have a **percentage** of federal income taxes withheld that is different from the default withholding rate of 10% by indicating a **percentage between 0% and 100%**.
- If you elect federal income tax withholding from **eligible rollover distributions**, you can choose to have a **percentage** of federal income taxes withheld different from the default withholding rate of 20% by indicating a **percentage greater than 20%**.

If you do not complete a valid Form W-4R (e.g., SSN is missing or incorrect, signature missing, etc.), CPF is required to use the default federal income tax withholding rate on nonperiodic pension distributions/eligible rollover distributions. The following are the minimum amounts that **MUST** be withheld; recipients can elect a withholding rate in excess of these amounts:

- **Nonperiodic payments – minimum federal income tax withholding of 10%**
- **Eligible rollover distributions – minimum federal income tax withholding of 20%**

Clergy Housing Allowance

Please note that 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 nonperiodic pension distributions or eligible rollover distributions delivered outside the United States or its possessions to a US citizen or US resident alien.

Resettlement Benefit or Lump Sum Payment of a Small Benefit

If you are a surviving spouse, beneficiary, or alternate payee in receipt of the “resettlement benefit” or any other nonperiodic (i.e., lump sum) 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. Also see **A Guide to Clergy Benefits** (cpg.org/cpp) or **A Guide to the Lay Defined Benefit Plan** (cpg.org/laydbplan), as applicable.

Submitting Form W-4R

Please return a completed federal **Form W-4R** with your other benefits forms. Be sure that you have provided all the necessary information, including your name, address, and Social Security Number; that you have completed the appropriate line(s); and that you have signed and dated the form.

Payments to Nonresident Aliens (Non-US Citizens and Non-US Resident Aliens) – **Do not use Form W-4R** (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:

Dolly Rios, CPA

(833) 363-5751 *Fluent in English and Spanish*

If you have questions, please call Church Pension Group Client Services at (866) 802-6333.

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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