

Form W-4P (Substitute) **Tax Withholding Information and Instructions**

Your periodic (monthly) pension benefits from TFFR are subject to federal and state income tax withholding. Use Form W-4P (Substitute) to inform TFFR of your income tax withholding election. The amount withheld will automatically change as the federal and state tax rates are adjusted each year. The enclosed table will give you an estimate of the amount to be withheld.

Once you make an election, it will remain in effect until you change or revoke it. You must file a new Form W-4P to change your filing status and/or the number of exemptions used in determining the amount being withheld from your pension benefit.

If you choose not to have tax withheld or do not have enough tax withheld, you may have to make estimated tax payments to the Internal Revenue Service (IRS). You may be subject to penalties if your payments of estimated tax and withholding are not sufficient.

If you do not complete Form W-4P, TFFR is required to withhold federal income tax as though you are married with three (3) withholding allowances. We are not required to withhold North Dakota state income tax.

Federal Income Tax Withholding

The taxable portion of your TFFR pension benefit is subject to federal income tax withholding.

1. You can elect not to have income tax withheld by checking the box on line 1 of Form W-4P.
2. To have federal income tax withheld based on the tax withholding tables, complete line 2 of Form W-4P. For federal income tax purposes, the amount of withholding is based on the marital status and the number of allowances (including zero) you identify on this form.
3. You can also have an **additional** amount withheld from your TFFR pension payment by completing line 2 of Form W-4P and writing in an additional amount on line 3 of this form.

North Dakota Income Tax Withholding

For North Dakota residents, your TFFR pension benefit is subject to state income taxes. If you are not a North Dakota resident, the benefits are taxable in the state in which you live.

- 1a. You can elect not to have North Dakota state income tax withheld by checking the box on line 1a of Form W-4P.
- 2a. To have North Dakota state income tax withheld based on the state tax withholding tables using the marital status and allowances noted on line 2, check the box on line 2a of Form W-4P.
- 3a. You can also have an **additional** amount withheld from your TFFR pension payment by completing line 2a of Form W-4P and writing in an additional amount on line 3a of this form.

Personal income tax questions should be directed to your tax advisor, accountant, or IRS center.