



Connecticut Carpenters Annuity Fund

Dear Applicant:

The federal and state governments have complicated rules about income tax withholding from your pension and annuity benefits. These are summarized on the attached pages. Basically, they provide:

1. Lump Sum Benefit – If you are eligible for a lump sum of \$200 or more, we must withhold 20% for federal income tax or you can tell us to pay the lump sum directly to your IRA or another IRS-qualified plan. See the form called “Special Tax Notice Regarding Plan Payments.” A Direct Rollover Form is enclosed if you wish to make a direct rollover to an IRA or another tax-qualified plan. Mandatory 20% withholding does not apply to lump-sum death benefits to non-spouse beneficiaries.
2. Installment Benefit – If you choose installment payments which will extend over 10 years or more, income tax withholding is not required. You may elect it. Voluntary withholding is also available if you receive a Husband-and-Wife Annuity, a Ten years Certain Annuity or, if you are not the Participant’s spouse, a lump sum death benefit. You must complete the form called “Election For Income Tax Withholding”. If your installments will not extend for 10 years, you are subject to the required 20% withholding in Rule 1.
3. Connecticut Income Tax – Connecticut does not require withholding from your benefit. We will withhold Connecticut tax for you if you return a completed CT-W4P (enclosed).
4. Voluntary Contributions – If you have made voluntary contributions in addition to employer contributions, we will not withhold income tax when we pay the voluntary contributions to you. They have been taxed already.

Benefit payments from the Connecticut Carpenters Annuity Fund are subject to Federal and State Income Tax. You are liable for Income Tax on the taxable portion of your benefits, whether or not you have Income Tax withheld. You may also be subject to tax penalties under the estimated tax payment rules if your payments of estimated tax and withholding, if any, are not adequate.

Important

To avoid delay in processing your benefit, please use the following as a check off list.

- 1. Completed Application
- 2. Rollover Form must accompany application, if applicable
- 3. Over \$5,000, reverse side of Application must be notarized
- 4. Break in Service – Certification must be completed