North Carolina
Total Retirement Plans

Form 290401K

Choosing Income Tax Withholding Preferences for the NC 401(k) Transfer Benefit

Please print or type in black ink.

Section A. Tell us about yourself.

FIRST NAME	MI	LAST NAME	SUFFIX	SSN (XXX-XX-1234)
MAILING ADDRESS				MEMBER ID
CITY	STATE	ZIP CODE	TELEPHONE NO.	DATE OF BIRTH
E-MAIL ADDRESS				

Section B. Please check the retirement system that applies.

If you are a member of more than one, you must fill out a separate form for each retirement system account.

☐ Teachers' and State Employees' Retirement System ☐ Local Governmental Employees' Retirement System

Section C: Instructions for Federal Income Tax Withholding Preference Certificate (W 4P).

You may elect not to have Federal income tax withheld from your retirement benefit payment; however, if you elect not to have Federal income tax withheld, you are liable for payment of Federal income tax on the taxable portion of your benefit. You also may be subject to tax penalties under the estimated tax payment rules, if your payments of estimated tax and withholding, if any, are not adequate. See Guide A for instructions.

Make your Federal income tax withholding election by checking the appropriate box.

☐ I **do not want** federal income tax withheld from my monthly retirement benefit.

☐ I **want** federal income tax withheld from my monthly retirement benefit on the following basis. (You **MUST** complete **Marital Status** below.)

Step 1: Marital Status: ☐ Single or Married Filing Separately ☐ Married Filing Jointly or Qualifying Widow(er) ☐ Head of Household

Optional: Complete Steps 2-4 **ONLY if they apply to you. See Guide A for further instructions and tips on these steps.**

Step 2: Income from a Job or Multiple Pensions:

a. Use the IRS Tax Withholding Estimator (irs.gov) for this step (and steps 3-4) if you or your spouse have self-employment income, or

b. (i) If you (or your spouse) have job(s), calculate the total taxable annual pay from all job(s) and any other income entered on Form W-4, Step 4(a) less the deductions entered on Form W-4, Step 4(b). If you (or your spouse) do not have a job(s), calculate "0"..... ▶ $

(ii) If you (or your spouse) have another pension/annuity that pays less annually than this pension/annuity, calculate the total annual taxable payments from those other sources. If this is the only pension/annuity or it pays the least taxable amount annually, calculate "0". ..... ▶ $

Total: Add the total from items (i) and (ii): ..... ▶ $

If you (or your spouse) have a job, do not complete steps 3-4(b) on this form. **OR** If you or your spouse do not have a job, complete steps 3-4(b) on form only if this is the pension/annuity that pays the most annually. Leave those steps blank for the other pension/annuities.

Step 3: Claiming Dependents and Other Credits:

If your total income will be $200,000 or less ($400,000 or less if Married Filing Jointly):
Multiply the number of qualifying children under 17 by $2,000. Multiply the number of other dependents by $500. Add other credits, such as foreign tax credit and education tax credit.

Total: Add the total amounts for qualifying children, other dependents, and other credits:..... ▶ $

Step 4: Other Adjustments

a. Other Income (not from jobs or pension/annuity payments):..... ▶ $

b. Deductions (use the deduction worksheet on page 3 of the W-4P withholding form):..... ▶ $

c. Additional Withholding Amount per pay period:..... ▶ $

Results of Failure to File: If certificate is not filed, withholding will be based on single filing status with no adjustments.

Signature _____ **Date** _____

Continue to Page 2 for North Carolina Income Tax Withholding Preferences Certificate (NC 4P)

North Carolina
Total Retirement Plans

Form **290401K**

Choosing Income Tax Withholding Preferences for the NC 401(k) Transfer Benefit

Please print or type in black ink.

Section D: Instructions for North Carolina Income Tax Withholding Preference Certificate (NC-4P). See Guide B for Instructions.

The NC 401(k) Transfer Benefit is exempt from NC income tax if you established your 401(k) account prior to August 12, 1989. If you are a resident of North Carolina and are not exempt from North Carolina tax, you may elect not to have North Carolina income tax withheld; however, if you elect not to have tax withheld, you may be subject to tax penalties. The Retirement Systems Division is unable to withhold taxes for other states.

Make North Carolina income tax withholding election by checking the appropriate box.

☐ I **do not want** North Carolina income tax withheld from my monthly retirement benefit.

☐ I **want** North Carolina income tax withheld from my monthly retirement benefit on the following basis. (You **MUST** complete **Marital Status and Allowance** below.)

Step 1: Marital Status: ☐ Single or Married Filing Separately ☐ Married Filing Jointly or Surviving Spouse ☐ Head of Household

Step 2: Allowance: Total number of allowances you are claiming:..... ▶ ☐

Optional: Complete Step 3 only if it applies to you.

Step 3: Additional Withholding Amount Per Pay Period:..... ▶ $ ☐

Results of Failure to File: If you are a resident of North Carolina and are not exempt from North Carolina income tax, and do not make an election, we are required to withhold based on the Single filing status with zero allowances. If your retirement benefits are subject to North Carolina income tax and you elect not to have tax withheld, you may be subject to tax penalties.

Signature _____ **Date** _____

Submit this page by email or mail.

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North Carolina
Total Retirement Plans

Form **290401K Guides**
Choosing Income Tax Withholding Preferences for the NC 401(k) Transfer Benefit

Guide A. Instructions for Federal Income Tax Withholding Preference Certificate

Federal income tax laws require that you complete this form to make your election on Federal income tax withholding from your benefit. The pension payments you receive could be subject to Federal income tax withholding unless you elect not to have withholding apply. Withholding will only apply to the portion of your pension payment that is already included in your income, subject to federal income tax and will be like wage withholding. Thus, there will be no withholding on previously taxed contributions.

Election

- Check box *A* if you do not want Federal income tax withheld.
- Check box *B* if you want Federal income tax withheld. If you check box *B*, you must also indicate *Marital Status*.

Marital Status

• Check *Single or Married Filing Separately* if you are not married, or you are a widow/widower that does not meet the qualification to file as a surviving spouse.

• Check *Head of Household* only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependents.

• Check *Married Filing Jointly or Qualifying Widow(er)* if you are: (1) married, or (2) your spouse died in either of the two preceding tax years and you meet the following requirements: (a) Your home is maintained as the main household of a child or stepchild for whom you can claim an exemption; and you can claim an exemption; and (b) You were entitled to file a joint return with your spouse in the year of your spouse's death.

Optional Withholding Elections

Steps 2-4 are not required and should only contain non-zero amounts if they apply to you.

Income from a Job or Multiple Pensions

If you (and/or your spouse when filing jointly) have income from other job(s) or other pension(s), enter those amounts in 2.b.(i) or 2.b.(ii) respectively. Only enter a non-zero amount in 2.b.(ii) if your NC Retirement Benefit is larger than your other pension. Add both values together and enter the total into 2.b.(iii). If no amounts are applicable, enter $0.

Claiming Dependents and Other Credits

Enter the total amount of annual tax credits for qualifying children, dependents and other credits. If no credits apply, enter $0.

Other Income

Enter other income you receive each year from sources other than jobs and/or pensions. This income could be from capital gains, dividends, gifts, or other sources of income.

Deductions

Use the IRS form W-4P to calculate deductions applicable to your withholding elections. If no deductions apply, enter $0.

Additional Withholding

Enter the amount of additional withholding to be taken from each pay period. If the amount of tax calculated combined with Additional Withholding exceeds benefit, no Additional Withholding will be taken.

Failure to File

If certificate is not filed, withholding will be based on Single Tax tables with no elections. See information on potential penalty.

CAUTION: There are penalties for not paying enough federal income tax during the year. New retirees should see IRS Pub. 505 which explains 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.

Guide B. Instructions for North Carolina Income Tax Withholding Preference Certificate

The NC 401(k) Transfer Benefit is exempt from NC income tax if you established your 401(k) account prior to August 12, 1989. You should complete the appropriate section of the Certificate if you want North Carolina income tax withheld from your benefits payment.

Election

- Check box *A* if you do not want North Carolina tax withheld.
- Check box *B* if you want North Carolina tax withheld. If you check box *B*, you must also indicate *Marital Status* and *Number of Allowances*.

Marital Status

• Check *Single or Married Filing Separately* if you are not married, or you are a widow/widower that does not meet the qualification to file as a surviving spouse.

• Check *Head of Household* only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependents.

• Check *Married Filing Jointly or Surviving Spouse* if you are: (1) married, or (2) your spouse died in either of the two preceding tax years and you meet the following requirements: (a) Your home is maintained as the main household of a child or stepchild for whom you can claim an exemption; and you can claim an exemption; and (b) You were entitled to file a joint return with your spouse in the year of your spouse's death.

Number of Allowances Claimed

A worksheet for determining allowances is included with the Form NC-4 issued by the North Carolina Department of Revenue.

Additional Withholding (Optional)

Enter the additional amount you want withheld from your retirement benefit. We will add this amount to the amount computed using the tax tables. If the calculated amount combined with the additional amount exceeds your benefit amount, the additional withholding amount will not be withheld.

Even if your retirement benefits are exempt from North Carolina income tax, we may also withhold for you, if you choose, an amount to cover some other taxable income. If this is desirable, you must check box *B*, enter your marital status, allowances claimed, and a additional monthly amount to be withheld. We will then withhold this additional amount.

Failure to File

If you are a resident of North Carolina and are not exempt from North Carolina income tax, and do not make an election, we are required to withhold on the basis of single with 0 allowances. If your retirement benefits are subject to North Carolina income tax and you elect not to have tax withheld, you may be subject to tax penalties.

Thank you.

This form must be filed prior to the date your benefit begins and thereafter at any time you wish to change your election, exemption, or marital status.