

## Frequently Asked Questions - FAQ

### Why am I receiving this notice?

Currently, federal tax is withheld from your MNDCP installment payments based on your election of a flat dollar amount or percentage. A recent IRS change requires that federal taxes withheld from installment payments must now be based on your tax filing status and adjustments. To comply with the new IRS requirements, your federal tax withholding must be changed.

### What happens if I do not change my federal tax withholding election?

Effective **December 29, 2022**, we will automatically change your federal tax withholding for your MNDCP installment payments to the IRS default rate of **single with no adjustments** (regardless of your marital status). This change will be effective on payments you receive starting January 1, 2023, and may affect your net payment amount.

### How do I change my federal tax withholding election?

To change your tax withholding, complete a *Form W-4P* and mail or fax it to MSRS. The form used to update your federal tax withholding depends on the date it is received by MSRS (see table below).

Date MSRS receives your form:	Form to complete:
By October 7	<i>Substitute Form W-4P MNDCP Tax Withholding Election</i> The form and postage-paid return envelope are enclosed
After October 7	<i>IRS Form W-4P Withholding Certificate</i> The form is available to download at <a href="http://www.irs.gov">www.irs.gov</a>

**No action is required** if you are satisfied with the default rate of single with no adjustments. You do not need to complete a *Form W-4P*.

### How much should I withhold from my MNDCP installment payments?

MSRS is unable to provide advice regarding the amount to withhold. Please consult a tax advisor to determine the appropriate tax withholding amount.

**Note:** Because your situation may change from year to year, we encourage you to review your MNDCP federal and state tax withholding election each year.

### **Does the updated tax withholding election apply if I request a one-time MNDCP distribution in the future?**

No. It only affects existing MNDCP installment payments and automatic required minimum distribution (RMD) payments.

### **Does the updated tax withholding election affect my MSRS pension benefit payments?**

No. Completing the enclosed *Substitute Form W-4P* only affects your MNDCP installment payments. If you would like to update the federal tax withheld from your monthly pension benefit, log into your account online at [www.msrs.state.mn.us](http://www.msrs.state.mn.us) to make the change.

### **Does this change affect state taxes withheld from my MNDCP payments?**

No. Completing a *Form W-4P* only affects federal taxes withheld from your MNDCP installment payments. If you are a Minnesota resident and would like to update your state tax withholding, complete a *W-4MNP Withholding Certificate* and mail or fax it to MSRS. For details about Minnesota state tax withholding or to download the form, visit [www.revenue.state.mn.us/withholding-annuities-and-pensions](http://www.revenue.state.mn.us/withholding-annuities-and-pensions).

### **Where can I learn more about federal income tax withholding?**

- Consult your tax advisor
- Visit [www.irs.gov](http://www.irs.gov)

This material has been prepared for informational and educational purposes only and is not intended to provide investment, legal or tax advice.

