

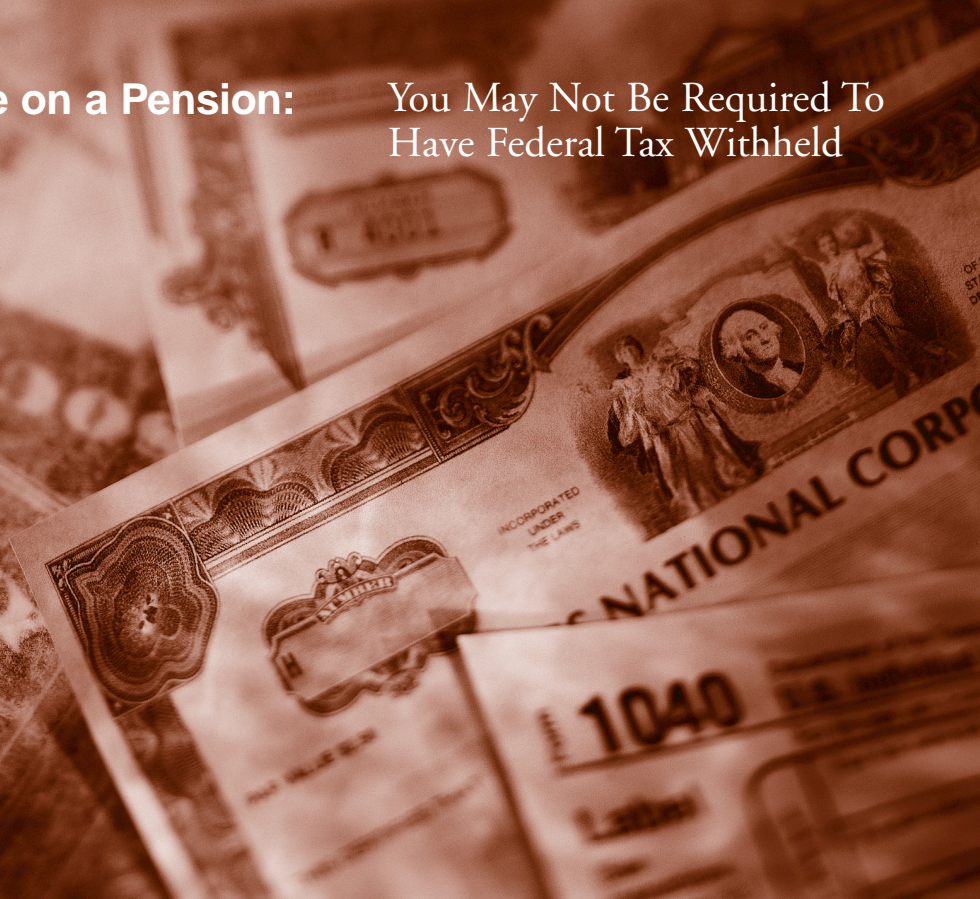


Department of the Treasury
Internal Revenue Service

www.irs.gov

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People on a Pension: You May Not Be Required To Have Federal Tax Withheld



Are you required to file?

The Internal Revenue Service (IRS) is sending this information as part of our customer service and outreach efforts to reduce taxpayer burden. We hope this information helps you decide to stop the withholding on your pension income. Changing your Federal withholding will prevent you from filing unnecessary returns, and you will receive larger pension checks throughout the year.

To find out more about Form W-4P and claiming an exemption for 2001, you can access the IRS on the Internet Web

Site. Connect to **www.irs.gov**, select the forms and pubs option, follow the directions to access the information on Form W-4P. You can reach us by phone 24 hours a day, 7 days a week during the filing season at 1-800-829-1040. After April 16, we will continue to offer around the clock service for refund and account callers, and we will be available for tax law assistance Monday through Saturday from 7am until 11pm.

Sincerely,



Charles O. Rossotti
Commissioner, Internal Revenue

If you can answer yes to both questions below, you may not have to file a 2001 Federal income tax return.

Do you have Federal income tax withheld from your pension?

Will you file for 2000 only to get a refund of money withheld from your pension?

You can probably avoid filing a 2001 Federal tax return in the year 2002 if you advise your pension company to stop Federal withholding. You can stop withholding simply by filling out the enclosed **Form W-4P**, Withholding Certificate for Pension or Annuity Payments, and mailing it to the company that sends you your pension checks. If you do not have to file a Federal tax return, you will save time. If you usually pay someone else to prepare your Federal return, you will also save money.

To see if this might work for you, fill out the enclosed worksheet to find out if you owe taxes for 2000. If your income is less than the minimum amount shown on the chart, you will only have to file a 2000 tax return to receive a refund of your pension withholding . If your income in 2001 will be about the same as it is in 2000, it is likely that you will not owe any taxes for 2001 either. If you mail the Form W-4P to your pension company in early December of 2000, they will have time to stop the withholding before another year starts. You most likely will not have to file a 2001 Federal tax return.

Send a Form W-4P to your pension company by early December 2000

SO

Your pension company can stop deducting Federal taxes for all of the 2001 tax year

THEN

You probably will not have to file a 2001 Federal tax return.

Reminder: This applies only to your Federal tax return. State filing requirements are different. You should contact your state or local tax office if you need this information.

Computing Your Total Gross Income

Note: You can use this worksheet only if your taxable income for 2000 and 2001 is from one of the sources listed below.

1. Wages, salaries, tips	1. \$
2. Taxable interest income	2. \$
3. Dividend income	3. \$
4. Taxable retirement income (Taxable Pension, Annuity, IRA Distributions)	4. \$
5. Gross income. Add amounts on lines 1 through 4	5. \$

Caution: You may also be required to file return if you owe any special taxes, such as tax on an IRA or other retirement plan.

Determining Your Filing Requirements

Use this chart to see if you must file a return. If line 5 is less than the amount shown in the chart below, a Federal tax return does not have to be filed.

Note: If you turned 65 on January 1, 2001 you are considered to be 65 at the end of 2000.

IF your filing status is...	AND at the end of 2000 you were...	THEN you do not need to file a return if your gross income is less than...
Single	under 65 65 or older	\$ 7,200 8,300
Married filing jointly*	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)	\$12,950 13,800 14,650
Married filing separately	any age	\$ 2,800
Head of household	under 65 65 or older	\$ 9,250 10,350
Qualifying widow(er) with dependent child	under 65 65 or older	\$10,150 11,000

(Worksheet taken from Form 9452 (Rev.10-00) OMB No. 1545-1316).

* If you did not live with your spouse at the end of 2000 (or on the date your spouse died) and your gross income was at least \$2800, you must file a return regardless of your age

Do not mail to the IRS. Give to your pension company.

----- Cut here and give the certificate to the payer of your pension or annuity. Keep the top part for your records. -----

Form **W-4P**

Withholding Certificate for Pension or Annuity Payments

OMB No. 1545-0415

2001

Department of the Treasury
Internal Revenue Service

▶ **For Privacy Act and Paperwork Reduction Act Notice, see page 4.**

Type or print your full name

Your social security number

Home address (number and street or rural route)

Claim or identification number
(if any) of your pension or
annuity contract

City or town, state, and ZIP code

Complete the following applicable lines:

- 1 Check here if you **do not want any** Federal income tax withheld from your pension or annuity. (Do not complete line 2 or 3.) ▶
- 2 Total number of allowances and marital status you are claiming for withholding from each **periodic** pension or annuity payment. (You may also designate an additional dollar amount on line 3.) ▶
 Marital status: Single Married Married, but withhold at higher Single rate (Enter number of allowances.)
- 3 Additional amount, if any, you want withheld from each pension or annuity payment. **Note:** *For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2* . . . ▶ \$

Your signature ▶ _____

Date ▶ _____

Cat. No. 10225T

Privacy Act and Paperwork Reduction Act Notice We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections 3405 and 6109 and their regulations. Failure to provide this information may result in inaccurate withholding on your payment(s). You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as

their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103. The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping** 40 min. **Learning about the law or the form** 20 min. **Preparing the form** 49 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the tax form to this address. Instead, give it to your payer.

Internal Revenue Service
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